

NEWS: EUROPE

Sweden prepares more budget savings

The new finance minister, Erik Asbrink, tells the FT why spending must be slashed again

Sweden's Social Democratic government will have to make new budget savings of at least SKr25bn (\$3.7bn) on top of the unprecedented SKr118bn already outlined if it is to meet its target of eliminating the budget deficit in 1998, Mr Erik Asbrink, the new finance minister, said yesterday.

The bulk of the new savings would come from cuts in public expenditure, but Mr Asbrink said he was preparing to raise taxes as well, despite his reluctance to add to one of the highest tax burdens of any industrialised economy.

Mr Persson promised to increase unemployment benefits in 1998 to 80 per cent of last salary, from 75 per cent, and to expand adult education in an attempt to cut 12 per cent unemployment.

Mr Asbrink acknowledged that it was virtually impossible for Sweden to meet the EMU criteria that state debt should not exceed 60 per cent of GDP by the qualification date of 1997. But he said it would be on a "downward sloping curve."



Erik Asbrink, the new Swedish finance minister

Hugh Carnegie

EUROPEAN NEWS DIGEST

Bonn to regulate 'grey market'

The German government plans to subject the sale of investments based on commodity, financial and currency futures to special approval and supervision procedures after a finance ministry survey suggested "tens of thousands" of investors had suffered losses through buying such products.

Slovak state's 'golden share' lost
The Slovak Constitutional Court yesterday effectively annulled a law allowing continued government involvement in important privatised companies, after ruling that the state's "golden share" in strategic companies was unconstitutional.

Warning on Belgian growth rate
The Belgian economy will only grow about 1 per cent in 1996 and the government must find an extra BF30bn-BF35bn (\$1.5bn) if it is to cut the budget deficit to a target 3 per cent of GDP, Belgian employers said yesterday.

Brussels concern on oil refining
The profitability of the European oil refining sector is "very poor", due to excess capacity, changes in product mix and increasing environmental spending, the European Commission said yesterday in a report aimed at identifying key issues in the industry and its implications for the EU.

G7 talks on Chernobyl closure
Group of Seven experts have resumed negotiations with Ukrainian officials on shutting down the Chernobyl nuclear power plant through a \$3.1bn contribution from western countries.

Romanian capital inflows rise
Total foreign investment in Romania since the country ousted the communist regime in 1989 rose to \$1.721bn by the end of March, from \$1.597bn in 1995, the Romanian development agency said yesterday.

Danish current account on slide
Denmark's surplus on the current balance of payments fell from DRK19.8bn (\$3.3bn) in 1994 to DRK8.1bn last year, the lowest for five years, according to the official statistical bureau. The bureau said the surplus may be reduced by DRK1.5bn-DRK2bn when the figures are revised to take account of the final trade returns.

Denmark
Current account balance (DKr bn)
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Rebates blow for Deutsche Telekom

By Michael Lindemann in Bonn

Deutsche Telekom, the German group set for partial privatisation later this year, is likely to suffer another setback after the European Commission indicated yesterday that it would delay implementation of new corporate client rebates until July 1 "or later".

But Brussels officials said yesterday that Deutsche Telekom would not be allowed to backdate the rebates to January 1.

Setback for Yeltsin's Chechen plan
A renewed outbreak of fighting in Chechnya and defiant vows from separatist leaders to fight "to the last Chechen" yesterday cast grave doubts over President Boris Yeltsin's peace plan and overshadowed his official registration as a presidential candidate.

Russian news agencies said Russian aircraft bombed the village of Shalazi, 30 miles south-west of the capital, Grozny, early yesterday killing two people, destroying 300 homes and sending scores of residents fleeing in terror.

Further west from Shalazi, near the rebel stronghold of Bamtu, artillery boomed overnight. Troops also blockaded six villages in the south-east Vedeno district where they said several hundred rebels were deployed, Interfax news

agency said. Mr Yeltsin had called an end to hostilities on Sunday night in an attempt to trigger a peace settlement with the Chechen separatists and salvage his electoral chances.

Regis-tering as a candidate yesterday, Mr Yeltsin acknowledged he faced a formidable rival in Mr Gennady Zyuganov, the Communist party leader.

OECD URGES PROTECTION FOR INVESTORS IN RUSSIA
Russia should legislate to protect the interests of foreign investors and take tougher action against organised crime, the Organisation for Economic Co-operation and Development said yesterday, Reuters reports from Paris.

Investors, while improving clarity and standards of dealing with foreign money, the report said.

to keep the reins of power and they can also vote to lose them," he said, in a further sideswipe at Mr Zyuganov.

There are signs that Mr Yeltsin's populist campaign tactics are beginning to pay off. The latest polls show Mr Yeltsin's support has risen to 21 per cent compared with 27 per cent for Mr Zyuganov.

Mr Zyuganov has registered and at least four others are likely to enter the first round on June 16.

Mr Grigory Yavlinsky, leader of the reformist Yabloko movement, has been attracting some support from disillusioned Yeltsin supporters.

Mr Mikhail Gorbachev, the former Soviet president, Mr Alexander Lebed, the former army commander, and Mr Svyatoslav Pyodorov, a famous eye surgeon, also appear intent on running.

the Commission would have to give final approval.

Officials in Brussels said this was unacceptable.

For competition's sake it would be normal that they [the VTM] should benefit from the rebates.

Mr Yeltsin revealed he earned about \$6,000 last year, which compares with an average Russian salary of about \$1,700 in the previous year. Mr Yeltsin earned \$280,000 from book royalties alone.

Another leftover from the past that concerns US officials is terrorism: November 17, a Greek extremist group, has periodically attacked American targets over the past 20 years without any of its members being arrested.

France sees jobs boost in telecoms reform

By David Buchanan in Paris

The French government yesterday held out the hope that cheaper phone calls and more jobs would result from the draft bill it approved yesterday to open French telecommunications to competition from 1998.

Mr François Fillon, the telecommunications minister, said the bill to be put before parliament marked "a turning point" ending state control over telecommunications in France.

He said new technology creating worldwide networks, the need to sustain France's economic competitiveness and France's commitment to European telecommunication liberalisation made the change inevitable.

Drawing on the experience of countries which had already opened their telecommunications to competition, Mr Fillon said French phone users could expect cheaper rates as the volume of telephone traffic increased. He noted the average monthly household phone bill in France was FF720 (\$40), compared with FF134 in the UK and FF190 in Sweden.

But he stressed that France Télécom would remain the "public operator" of a "universal (phone) service" in France. The state intended to retain majority control of France Télécom, he reaffirmed.

Partly because of these moves, the unions have reserved their main fire for the government project to open up a minority of the capital of France Télécom to outside investors. They have called a strike against this plan on April 11.

Mr Fillon said the government had changed its draft to make concessions to the unions. Private operators would not provide physical facilities like call boxes in lieu of paying their share of supporting France Télécom's universal service, while new operators which provided job-creating investment would pay lower interconnection charges to France Télécom.

They said the tone of the meeting contrasted with awkward encounters in European capitals where Turkey is criticised for its human rights record and where its efforts to join the European Union are politely ignored.

Simitis sets out to reassure US tourists

US fears about security at Athens airport are likely to overshadow other concerns when Mr Costas Simitis, Greece's Socialist prime minister, makes his first visit to Washington next week.

The Greek premier will aim on his Washington visit to allay fears about Athens airport security, reports Kerin Hope

Mr Simitis is likely to be in a buoyant mood over tourism prospects after entertaining Mrs Hillary Clinton, the US president's wife, in Athens last week. A Greek official said Mrs Clinton's enthusiastic call for more Americans to visit Greece struck "a very encouraging note".

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سوزنا من الاجل

NEWS: EUROPE

Bosnia yields to US over ties with Iran

By Harriet Martin, Sarajevo Correspondent

The Bosnian government says it is downgrading ties with Iran, following US complaints about the level of Iranian military involvement in the country. Western diplomats said the US, which has pressed Bosnia to abide by its obligations under the Dayton agreement to expel "foreign forces" from its territory, had cautiously welcomed the change of line.

The policy change follows February's raid by troops from Nato's peace Implementation Force (IFOR) on what US officials described as an Iranian-run "terrorist training camp" close to Sarajevo. The Nato troops found a cache of weapons, maps and models (apparently of Ior bases), and return air tickets to Tehran. Mr Mirza Hajric, a Bosnian government spokesman, said yesterday the Bosnian army was entitled to receiving training in guerrilla

techniques, but he acknowledged that using Iranian help had been a mistake.

"It's clear that after the Dayton agreement we need skilled people who can chase down war criminals and work in counter-terrorism," he said. "We were trying to educate our people for this."

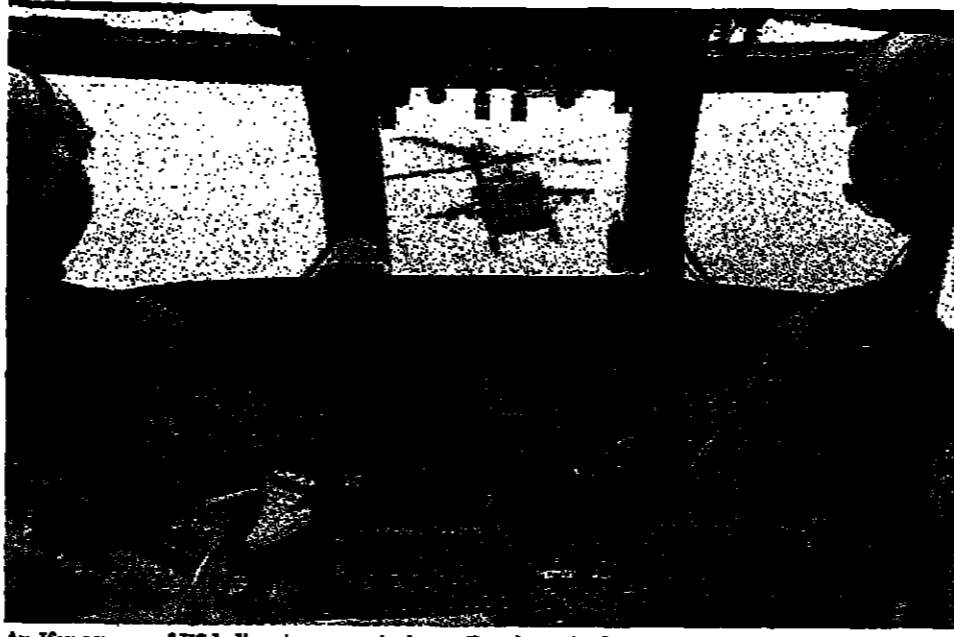
He added: "What was a desperate mistake was that there were a couple of Iranians involved in this, rather than Americans or British."

Mr Hajric insisted that after four years of receiving strong support from Iran, the Bosnian government would not completely cut their ties with that country. "We are currently establishing social and cultural relations but not military ones," he added.

Mr Bakir Alispahic, who as head of Bosnia's intelligence agency was responsible for the camp, has been demoted apparently under US pressure.

US officials welcomed the downgrading of Mr Alispahic as a sign of weakening Iranian influence, but said they thought that several more training camps might still be operating, planning attacks against US troops.

Under the Dayton agreement



An Ifor convoy of US helicopters on patrol over Bosnia yesterday

all foreign forces were supposed to leave Bosnia by the end of January. Last month, Mr Hasan Muratovic, the prime minister, claimed there were no "mujahideen" fighters left in Bosnia. But President Alija Izetbegovic, who has taken pride in being on good terms with both the US and Iran, said that about 60 Iranians - whom he described as former members of a mujahideen unit - were still in the country.

Ifor officials put the number of Moslem fighters from other countries at around 200. The US has threatened to suspend its programme to equip and train the Bosnian army unless these fighters are expelled.

Last month Mr Muratovic visited Tehran and discussed

the establishment of a joint Bosnian-Iranian bank to encourage investment and trade. President Izetbegovic described the visit as a means to "re-establish our relations with Iran on new foundations". Although government policy has apparently shifted, observers say the loyalty of the military to Iran will be slower to wane. Throughout the war the Iranians provided support to soldiers' families, as well as training camps, and is widely assumed to have supplied arms in contravention of the United Nations arms embargo.

Gen Rasim Delic, the Bosnian army commander, has described US pressure to sever links with Iran as "blackmail that won't pass easily. We fought for four years without

help from the west". The downgrading of relations with Iran coincides with a proposal from Saudi Arabia to contribute a battalion of troops to Ifor. This follows the claims by a Saudi official in February that, during the Bosnian war, Saudi Arabia had secretly supplied Bosnia with \$300m worth of arms with tacit US help.

This claim was denied by Washington. The Saudis and Americans worked together in the 1980s to arm the anti-Soviet Moslem fighters in Afghanistan.

Diplomats said it would be a "relief" for the US to have an official Saudi presence in Bosnia to counterbalance the influence of Iran on the Bosnian government.

French defence big guns look for right target

David Buchan on an industry facing big changes

President Jacques Chirac gave the ant hill of France's defence industry a powerful kick with his announcement in February that it faces long-term military equipment cuts and restructuring around a privatised Thomson electronics group and a merger of Aérospatiale and Dassault.

This set the ants scurrying around, but they are still looking to the government for a sense of direction. This is not preventing French defence companies from reaping the benefits of some of the foreign plans they have already laid. As Mr Marcel Roulet, the new head of Thomson recently indicated, the negotiations by Thomson-CSF and Britain's GEC to merge their sonar operations are very close to fruition.

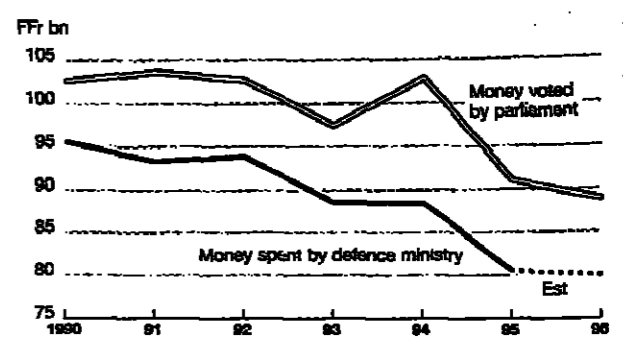
The Matra defence division of the Lagardère group is still set on merging its missile business with that of British Aerospace, if only they can win this summer's contract for a new UK stand-off missile. Two state-owned companies, the Giat tank and arms manufacturer and the SNPE explosives maker, want closer ties with Royal Ordnance in the UK and other European companies.

But all eyes are turned on domestic restructuring, where one of the biggest questions is whether the government really intends to carry out Mr Chirac's public pledge to sell Thomson as a whole.

The group is made up of Thomson-CSF, the profitable and lightly-indebted professional electronics company whose sales are two-thirds military and one third civil, and the loss-making and heavily-indebted Thomson Multimedia, a maker of television and consumer electronic products.

Selling Thomson-CSF now and leaving Multimedia for later would seem logical. An official recently noted that Mr Chirac had made his pro-privatisation announcement in the context of his defence reforms, thereby implying that all the president wanted to ensure was that the FF36bn (\$7.2bn) a year business of Thomson-CSF was not broken up. On the other hand, the gov-

French defence equipment spending



Source: French Aerospace Industry Association (IFA)

ernment fears that partial privatisation will be seen as asset stripping, and evidently wants to use Thomson-CSF as bait to hook a buyer for Multimedia. Mr Roulet, who is charged with presenting a detailed privatisation plan to the government, has so far talked of the "synergy" between civil-military "dual technology" in terms so ambiguous that they could apply either to Thomson-CSF alone or to both Thomson companies together.

The shape of Thomson's sale may determine its buyers. After a board meeting of his group, Mr Jean-Luc Lagardère issued a statement yesterday saying "the privatisation of Thomson-CSF interests our group to the greatest degree", and that Matra and Thomson-CSF could be a "world force" in defence electronics. However, he would make no offer until the government had set final conditions of sale.

But a rival suitor for Thomson, Mr Serge Tchuruk of Alcatel, last week gleefully tailored his public remarks to government wishes. "This [Thomson] is too fine an enterprise to be broken up. The state has made the right decision in wanting to privatise it en bloc," said the president of Alcatel, for whom defence is only a small portion of its telecom and engineering business.

As for the Aérospatiale-Dassault merger talks, they have not even started. In February, the government announced an Aérospatiale-Dassault "pilot committee" to steer the two companies towards a firm merger plan by the end of June, but Mr Serge Dassault, who owns 49.9 per cent of his company, is still haggling with the government over the price of his shares, and his place in a merged company, and has yet to tackle the industrial side of the equation with Aérospatiale president Mr Louis Gallois.

Indeed, the latter now seems to have in mind wider mergers, flowing from Aérospatiale's current discussions with Daimler-Benz Aerospace (Dasa) and BAe on turning Airbus from a consortium into a proper company. Mr Gallois said last week that such an Airbus company raises "the question of a strategic rapprochement of these three companies". He has in mind real financial links to cement their industrial co-operation, a startling prospect that would also require some privatisation of Aérospatiale, maker of France's nuclear missiles.

EU directive may prompt new challenge from the Commission

Danes set to defend beer can ban

By Hilary Barnes in Copenhagen

Denmark is preparing to dig in its heels in defence of its legal ban on selling drinks in cans.

Under a new European Union directive, Danes fancying a can of beer should be able to buy it from the local store, instead of having to cross the border to Sweden or Germany as they do at present.

Denmark introduced the ban on beer and soft drinks in cans in the 1970s on the grounds that bottles were environmen-

tally preferable, because they could be easily reused.

An earlier attempt by the European Commission to have the ban lifted failed in 1988 when the European Court ruled against Brussels' argument that it constituted a technical barrier to trade.

On June 30 this year, however, the EU packaging directive comes into force. Among other things, it appears to signal the end of Denmark's ability to defend its ban on the sale of drinks in cans.

But the Copenhagen govern-

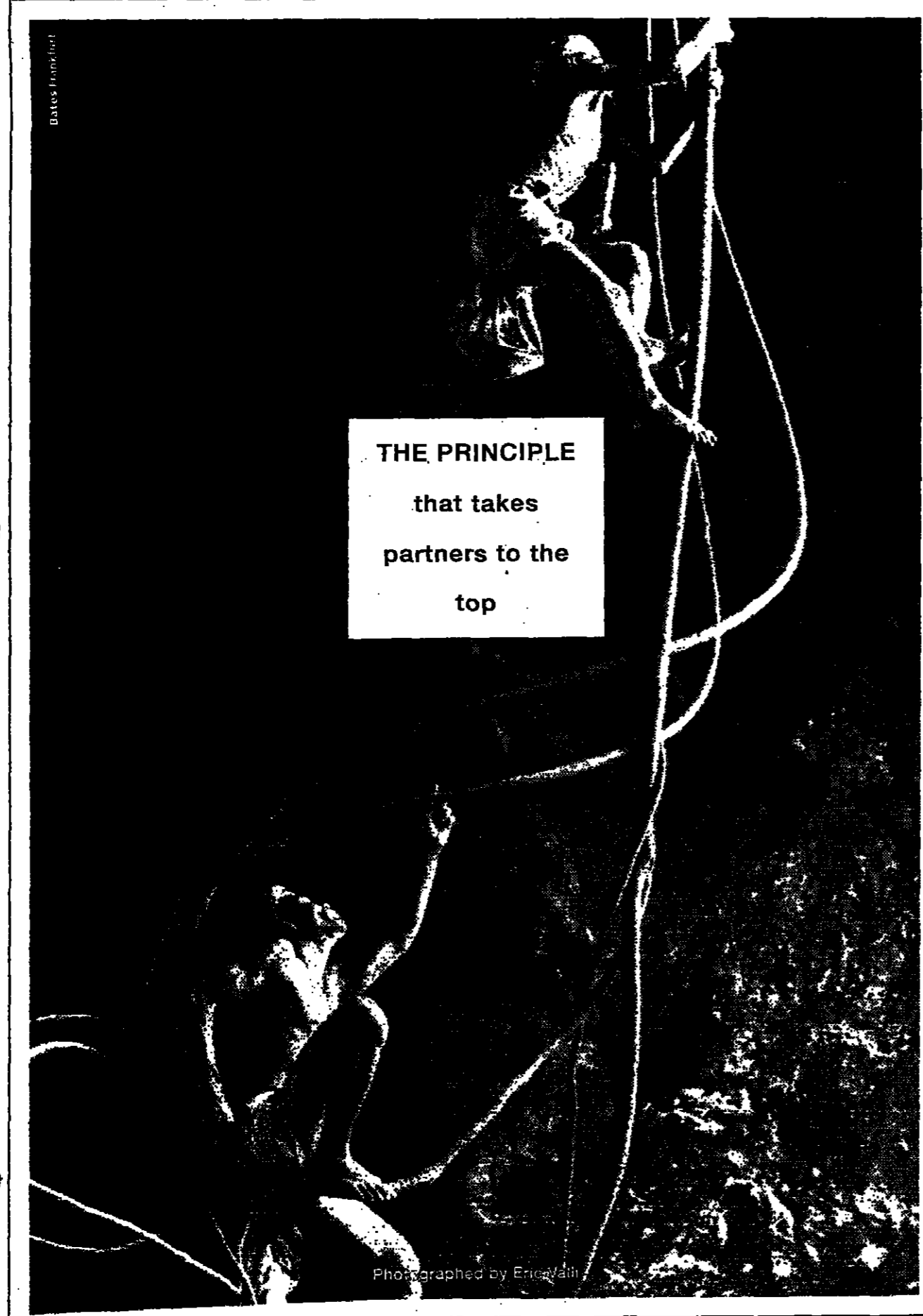
ment's environment agency said yesterday that there were no plans to amend the law. It would be up to Brussels to decide on a new challenge.

The government's 1988 victory over the Commission was widely interpreted in Denmark as a signal that the European Court would in some circumstances allow environmental considerations to take priority over trade rules.

But Denmark's argument that cans are environmentally undesirable has been weakened by developments in

neighbouring Sweden, which has introduced a successful deposit scheme for cans. As in Denmark's scheme for bottles, customers receive a small payment for every can returned to a shop.

The Danish returnable bottles scheme, operated by the country's breweries and soft drinks manufacturers, restricts imports of beer. However, Denmark's breweries, including Carlsberg, do produce substantial quantities of canned beer already - for export only.



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Ruggiero plan to revitalise liberalisation

WTO may propose giant trade summit

By Guy de Jonquieres in London

Mr Renato Ruggiero, director-general of the World Trade Organisation, is considering proposing a special meeting of world leaders, aimed at injecting fresh political momentum into multilateral trade liberalisation.

of interest," a WTO spokesman said. The summit would be called to mark the 50th anniversary of the Havana Charter, the international agreement which laid the foundations of the multilateral trade system and led to the creation of the General Agreement on Tariffs and Trade, the World Trade Organisation's predecessor.

the multilateral system. He hopes that a summit which reaffirmed the system's central principles would give new impetus to the WTO's work and help strengthen public support for global free trade.

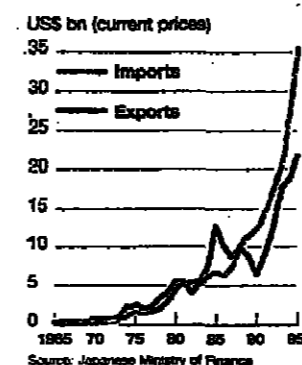
China and Japan 'double-yolk' partnership has deep economic implications Asia 'to dominate 21st century trade'

By Tony Walker in Beijing

Trade between China and Japan will grow significantly in the next two decades - surpassing that of the US and Japan - with "profound economic and strategic" implications for the region and the world, according to a new study.

"Over the next two decades the China-Japan trade relationship will be transformed... their trading relationship could be as important in global trade as the US-Japan trade relationship is at present," said the study, entitled *Asia's Global Powers: China-Japan Relations in the 21st Century*.

Japan's trade with China



Trade shifts from labour-intensive to capital- and technology-intensive manufactured goods. Change in the structure of the trade relationship may also have an impact on broader strategic calculations about each other. After more than a century of Japanese economic ascendancy over China and the rest of East Asia, an historic shift will occur as China becomes the bigger trader and less dependent than Japan on the bilateral relationship.

erful trading axis between China and Japan would also present challenges for the region. This in turn would render "more crucial" the need for effective multilateral trade regulatory frameworks such as the Asia Pacific Economic Co-operation forum (Apec).

Manila removes infrastructure programme roadblocks

After long delays, big road and rail projects are getting under way, writes Edward Luce

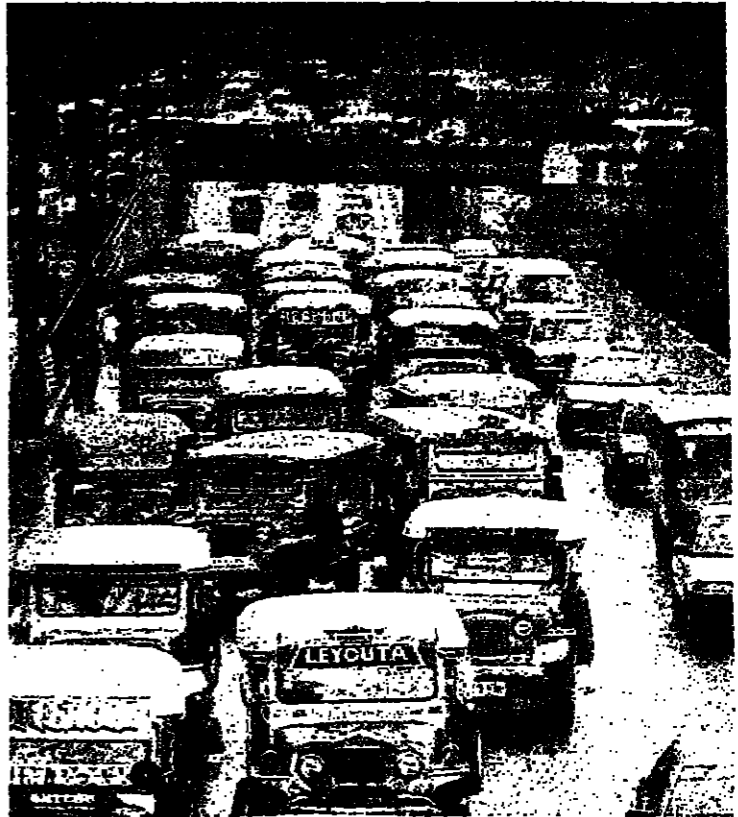
Asked what the Philippine government's top three priorities were, one senior cabinet official recently replied: "infrastructure, infrastructure and, of course, infrastructure."

will expedite access to the sprouting industrial port of Pagbilao in the south where Consolidated Electric Power Asia, a subsidiary of Hopewell, is building a power station.

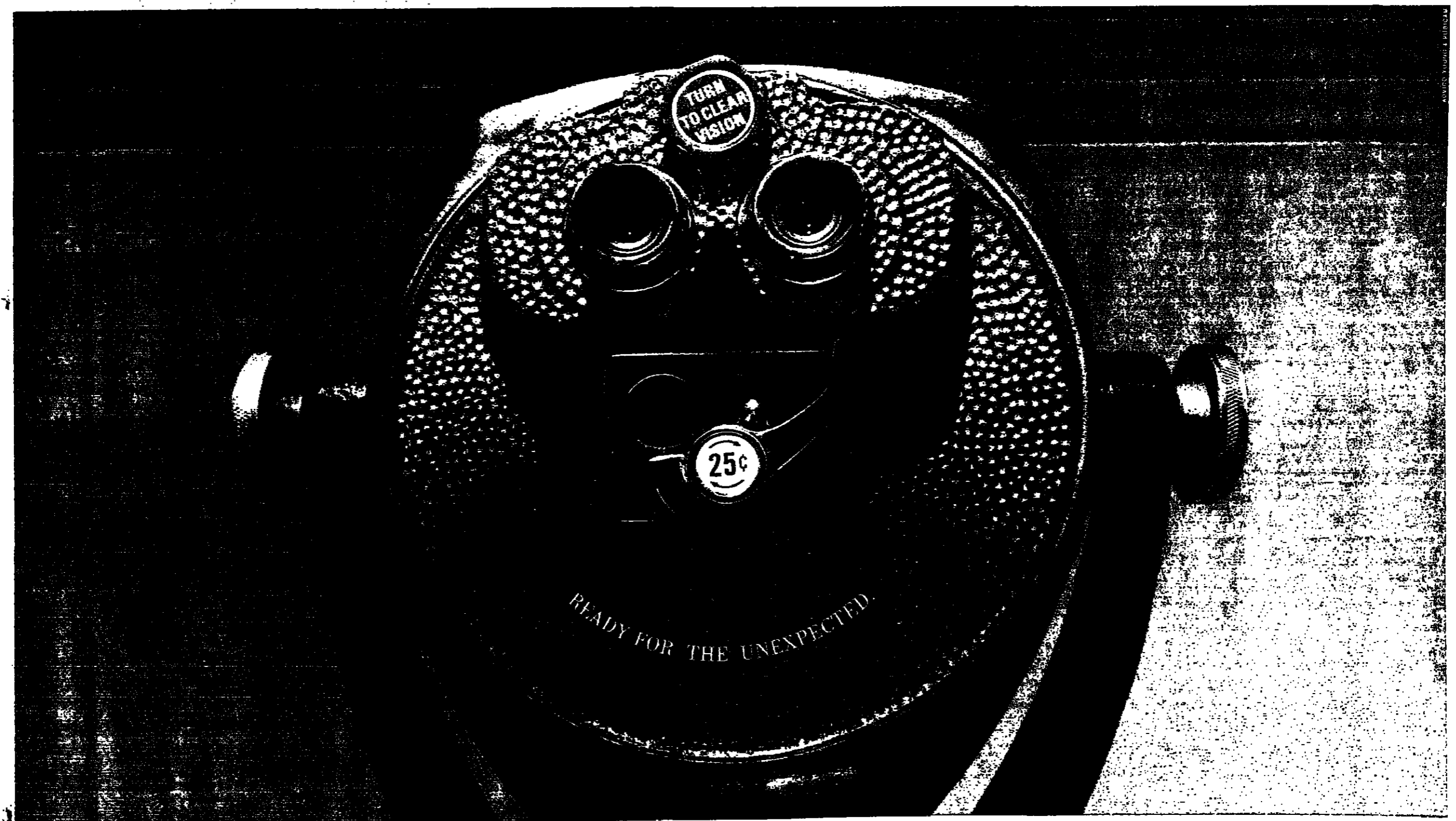
the French toll-road company, the Japanese government and the ADB, the Philippines has drawn up a standard 25-to-30-year build-operate-transfer contract for the construction of public highways.

deal with the Indonesian government. Litigation over rights-of-way meant that the MRT3 took a while longer to get started. The 17km elevated urban railway, which will be built and managed by a consortium of private companies including Sumitomo, Mitsubishi Heavy Industries and Ayala Land, a local real estate company, will make the bulk of its guaranteed 18 per cent return from spin-off projects, mostly in property.

company, to manage the project. Not all, however, is plain sailing for the government. With most of these contracts negotiated behind the scenes rather than tendered through a transparent public bidding process the government has exposed itself to allegations of graft.



Relief on the way for the Philippine capital's monstrous traffic problems



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COMPANIES AND FINANCE: AMERICAS

Bank creditors agree to Sidek restructure plan

By Leslie Crawford in Mexico City

Sidek, the troubled Mexican steel and tourism conglomerate has won the backing of its principal bank creditors for a restructuring plan that includes the sale of \$1bn-worth of assets.

The company, which stopped servicing its \$2.1bn debt in February, will present the plan this month to all its creditors, including foreigners who hold about \$700m-worth of Sidek securities.

However, winning over creditors to the rescue plan is expected to involve long and complex negotiations. Foreign bondholders are angry at being excluded from the restructuring consultations.

A group of bondholders last week filed a suit against Sidek in a US district court in New York, alleging Sidek had failed to honour "put agreements" under which it was obliged to buy back about \$20m of its own bonds last month.

However, Sidek executives are hoping to persuade creditors they are more likely to be repaid if they agree to the restructuring plan. Sidek is seeking to reschedule about \$500m of fully-secured debt, most of it short-term, with new four- to 10-year securities.

Other creditors will have to wait for the auction of \$1bn-worth of assets, including hotels and property developments, in a process which is expected to take up to two years.

Sidek's profitable steel and aluminium producer, Simex, will be offered for sale if the liquidation of assets fails to raise the required \$1bn by the end of two years.

Holders of unsecured debt will be offered convertible notes that will be forcibly exchanged into Sidek equity after 30 months if the company cannot repay them.

Mr Alejandro de la Garza, Sidek's chief executive officer, believes the restructuring plan could guarantee the group's survival, albeit as a much smaller operation.

Woolworth rejects spin-off proposal

By Richard Tomkins in New York

Woolworth, the troubled US retailer, has set the scene for a proxy fight after turning down a spin-off proposal made by two former associates of Mr Carl Icahn, the US corporate raider.

Greenway Partners, a New York-based investment house set up by Mr Alfred Kingsley and Mr Guy Duberstein, had earlier proposed that Woolworth should spin off its athletic footwear and clothing division, accounting for almost half the total business.

Late on Tuesday Woolworth said its directors would recommend shareholders to vote against the proposal because a spin-off of the athletic business would leave the remaining company without any profits.

Yesterday Mr Kingsley said Greenway partners would now campaign for shareholder support for the proposal in the run-up to Woolworth's annual meeting in June, when the issue would be put to a vote.

Greenway Partners controls a little more than 6 per cent of Woolworth stock. Mr Kingsley said he believed the athletic division, if spun off, would trade at a higher price than the combined group.

Mr Kingsley said the resolution was advisory, so shareholders had nothing to lose by supporting it.

"We want the management to get the message that shareholders are not happy with the situation as it exists," he said.

Woolworth has recently been dogged by the poor performance of its general merchandise stores in the US and Germany.

The athletic division made operating profits of \$305m last year, but the group as a whole lost \$164m after tax because of losses on the remaining operations and an accounting charge.

Last year the board brought in Mr Roger Farah, a top retailer, as chief executive in the hope that he would turn the company around. The proposal from Greenway Partners underlines shareholder impatience at the rate of progress.

Woolworth said the Greenway Partners proposal was "impractical" because it involved an unacceptable level of risk. If the profit-making athletic division were spun-off, it said, the loss-making rump would face negative reactions from vendors and lessors, difficulty in meeting its financial needs and diminished access to capital markets.

Mr Kingsley, whose Greenway Partners previously pushed US Shoe into a breakup, said: "There are ways of doing this if you want to do it. The answer you always get from management is that it's never the right time."

Eastern Europe the key battleground in cola wars

Pepsi and its arch-rival Coke are fighting for dominance in emerging markets, writes Roderick Oram

Without marketing... we'd have something quite humdrum," a senior Pepsi-Cola executive admitted a couple of hours before this week's \$500m launch of the cola's new blue image.

The admission was all the more surprising because it was about Pepsi Max, lodestar of the company's rejuvenation. The first sugar-free cola with only the merest hint of artificial sweeteners, the drink is the industry's best innovation in recent years and a big hit with cool young dudes.

Taking its cue from the blue can and offset image of Pepsi Max, Pepsi hopes to infuse its whole enterprise with a similarly irreverent enthusiasm.

It needs all the help it can get in its escalating war with Coca-Cola, its far richer rival whose soft drink revenues outside the US are 16 times Pepsi's. The war is getting particularly bloody in emerging markets.

"Emerging markets will decide the future of this business," said Mr Nestor Carbonell, head of public affairs for the international drink and food arm of PepsiCo, the parent company.

Significantly, Project Blue is targeted at almost as many emerging markets as mature in

its first year. The key battleground is eastern Europe, where Coca-Cola has come strongly from behind in the past few years.

Through the final 35 years of communism, Pepsi nurtured its relationships with Soviet bloc governments. Only when the Berlin Wall fell could Coke move in. Between 1990 and 1995, Coke spent \$1.5bn investing in 20 plants in eastern Europe. From ground-breaking to completion, the plants took an average 7.6 months to build.

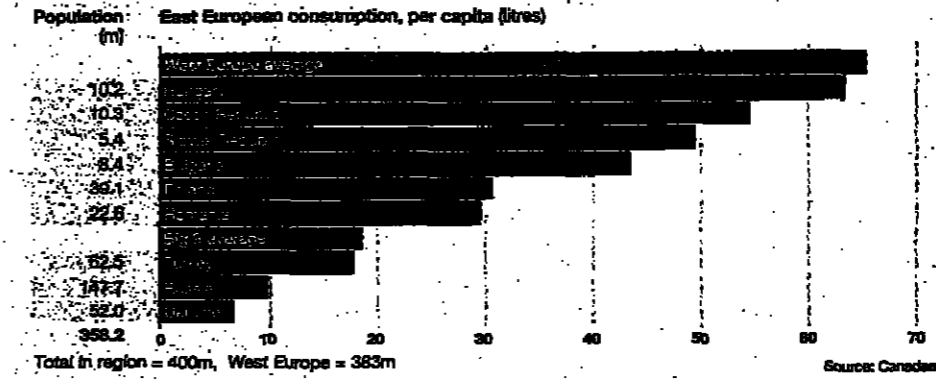
Pepsi, hobbled by its existing relationships with government bottlers, rapidly lost market share. To recover, it invested \$350m and deployed product innovations such as two-litre plastic returnable bottles and marketing campaigns such as Numeromania, a numbers game.

Now both cola companies claim to lead in eastern Europe and can furnish statistics to prove it. Coke says it had virtually no sales in eastern Europe in 1990 but now outsells Pepsi two-to-one. In Russia alone, it says Pepsi outsold it four-to-one in 1990 but now they are neck and neck.

For Pepsi, Mr Carbonell says: "We have regained cola leadership throughout the region."

Financial figures - less fluid than market data - are a more

Eastern European carbonates



Total in region = 400m, West Europe = 383m

well in the 1990s but Coke has pulled away from them," says Mr Brendan Quinn of Canadian, the international drinks consultants. "This does not reflect badly on Pepsi but well on the efficiency and focus of the Coke system."

Keeping up with Coke costs money but Pepsi-Cola gets all it needs from its parent. "We've asked for and received what we need," says Mr James Lawrence, president Asia, Middle East and Africa of Pepsi-Cola.

Pepsi has also turned to innovative ways of expanding abroad. To crack Africa, for example, it set up last year International Pepsi-Cola Bottler Investments. Managed

from Johannesburg by Mr John Hewlett, a former Lonrho main board director, it will invest in bottling plants and partners throughout Africa. From a low base, its goal is to catch up with Coke, which has 77 per cent of the market in northern Africa and 83 per cent in southern.

Mr Lawrence said Pepsi-Cola was drafting in a handful of experienced soft drinks executives to complement Mr Hewlett's knowledge of Africa.

The vehicle is Pepsi's attempt to create an "anchor" bottler for Africa around which to build its business. The technique is borrowed from Coke, although the latter works with a few chosen corporate part-

ners with deep soft drink experience rather than rounding up investors. Coca-Cola Amatil, for example, is its bottler for a large part of eastern Europe. Coke is a minority shareholder in the Australian listed company.

For close followers of the soft drinks industry, Pepsi is beginning to take the right approach. "It needs to copy Coke's commercial strategy while differentiating itself in marketing terms," says one.

Project Blue is the biggest and bravest step in that process. "They needed to separate themselves from red, the colour Coke owns," he added.

Unsurprisingly, Bahrain was inundated with visitors from Coke's Atlanta headquarters last autumn when Pepsi first trialled Project Blue there. The Bahrainis, dedicated Pepsi drinkers, "associated blue with new - they perceived it as a better product," says a regional Pepsi executive.

But Coke executives must have taken a reassuring message back to Atlanta: six months on, Pepsi's share is up only two percentage points to 72 per cent and Coke's down two to 21.

Hopefully for PepsiCo shareholders, Pepsi has fine-tuned its blue notes since. See also Peter Martin column

Corporate Finance needs the right CHEMISTRY

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COMMERZBANK

NOTICE IS HEREBY GIVEN that this year's Annual General Meeting of Commerzbank AG will be held in Frankfurt am Main at the Johannerthalle Hoechst, Frankfurt am Main - Höchst, Pfaffenwiese, on May 24, 1996, at 10.30 a.m.

AGENDA (abridged version)

- 1. To consider the Bank's established Annual Accounts and Consolidated Annual Accounts, together with the combined Management Report for the Parent Bank and the Group for the 195 financial year, as well as the Report of the Supervisory Board.
2. To resolve on the appropriation of the distributable profit.
3. To approve the actions of the Board of Managing Directors during the financial year 1995.
4. To approve the actions of the Supervisory Board during the financial year 1995.
5. To reduce the minimum nominal value of the Bank's shares, re-classify the share capital, amend the Bank's statutes and adjust existing authorisations.
6. To authorise the Bank to purchase its own shares.
7. To approve the affiliation agreement that the parent company, Commerzbank Aktiengesellschaft, has concluded with a wholly-owned subsidiary.
8. To elect a new member to the Supervisory Board.
9. To appoint the Auditors for the financial year 1996.

Shareholders in the United Kingdom who wish to attend and vote at the Annual General Meeting should inform either the London Branch of Commerzbank AG at 23 Austin Friars, London EC2N 2EN, or S.G. Warburg & Co. Ltd., 2 Finsbury Avenue, London EC2M 2PP, who will make the necessary arrangements. Such notice should be given by May 17, 1996.

Copies of the German version of Commerzbank's 1995 Annual Report will be available shortly from both Commerzbank AG and S.G. Warburg & Co. Ltd. The English version is currently being prepared.

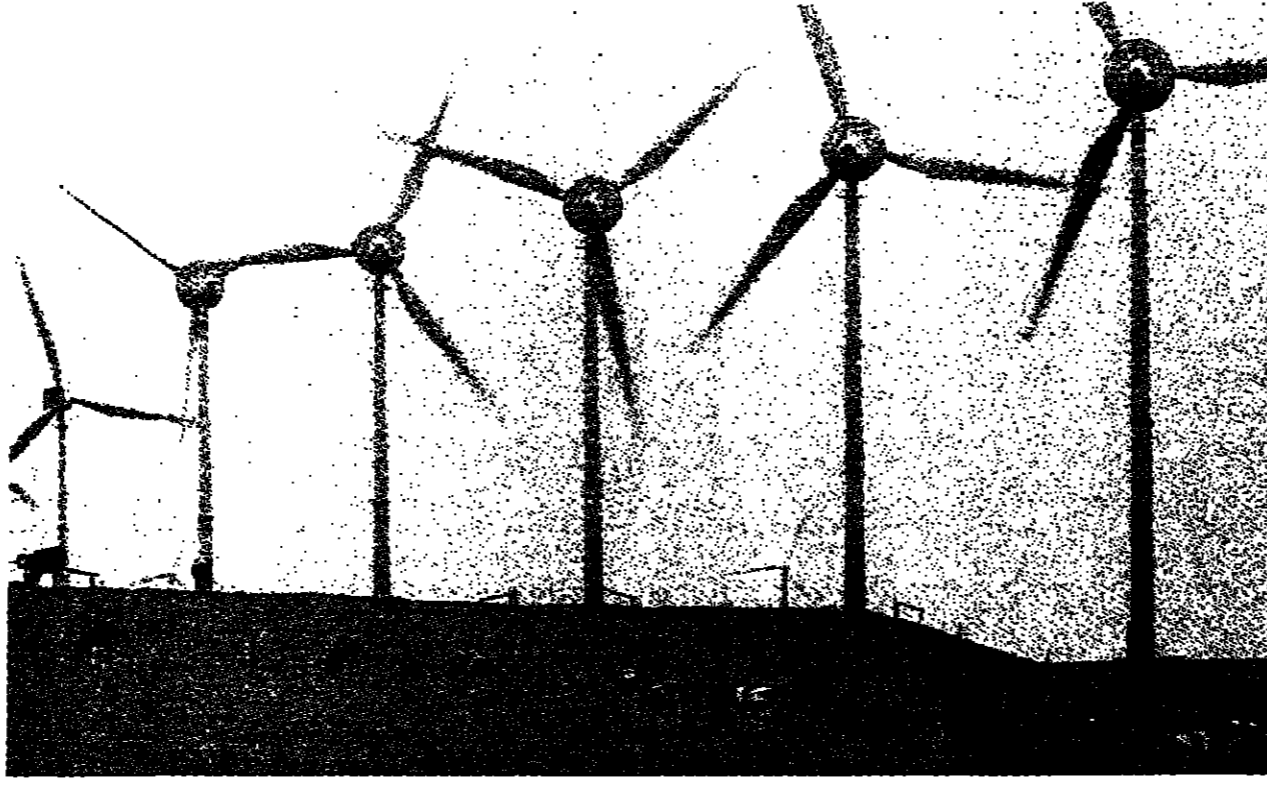
COMMERZBANK AKTIENGESELLSCHAFT

COMPANIES AND FINANCE: EUROPE

Windmill turnover gains momentum in Danish crusade

A minister's campaign to triple the country's wind-generated power output by 2005 is good news for manufacturers, writes Hilary Barnes

Some parts of Denmark are so studded with windmills that it looks as if the country is preparing for take-off. Wherever you travel in the country, you are rarely out of sight of one or more of the 3,800 windmills - or, to be correct, wind turbines - which have been installed over the past couple of decades.



A wind turbine farm on the border of Denmark and Germany: six of the world's top 10 turbine producers are Danish

The industry was virtually bankrupt after 1985 when its main export market collapsed because the state of California abolished tax breaks for investment in windmills. The industry has only now fully recovered.

Germany and India were the two biggest export markets last year, with the UK, the Netherlands and Sweden among other important markets.

aerodynamics of windmills at the National Centre for Scientific Research, Risø, and the Danish Technical University. They concentrated on smaller turbines, avoiding the mistake made by several other countries which believed the way ahead was through the development of giant windmills. These large programmes have generally proved disappointing.

BOSTON INCOME INVESTMENT FUND, SICAV. Notice of Meeting. The meeting is hereby given to the Shareholders of Boston Income Investment Fund, SICAV (the "Company") that an EXTRAORDINARY SHAREHOLDERS' MEETING will be held before noon on April 24, 1996 at 10:00 am local time at the registered office with the following agenda:

BOSTON EQUITY INVESTMENT FUND, SICAV. Notice of Meeting. Notice is hereby given to the Shareholders of Boston Equity Investment Fund, SICAV (the "Company") that an EXTRAORDINARY SHAREHOLDERS' MEETING will be held before noon on April 24, 1996 at 10:00 am local time at the registered office with the following agenda:

Komerční Banka earnings rise 6%

By Vincent Boland in Prague. Komerční Banka, the Czech Republic's dominant and most restructured commercial bank, reported a 6 per cent increase in net profit for 1995. It was helped by tighter risk management and a levelling of bad debt provisions, which bit deeply into profits at most Czech banks the previous year.

structure of its income. The bank's share price rose more than 3 per cent in trading on the Prague stock exchange, jumping to Kc2,150 in official trading, after Komerční's finance director, Mr Kamil Ziegler, said the bank had room to pay a dividend of between 18 per cent and 20 per cent of the nominal value of its shares, based on 1995 results.

Deutsche Telekom expands in Russia

By Michael Lindemann in Bonn. Deutsche Telekom yesterday bought a 49 per cent stake in Ruskaya Telefonyyaya Kompaniya, a Russian GSM mobile phone operator which holds licences centred on six large towns in western Russia.

an international consortium developing mobile phone services. DeTeMobil said that by 2000 it expected at least 250,000 clients in the Russian regions, taking in the towns of Kaluga, Pskov, Ryazan, Smolensk, Tula and Vladimir.

BOSTON INTERNATIONAL FUND I - INCOME INVESTMENT. BOSTON INTERNATIONAL FUND I - EQUITY INVESTMENT. BOSTON INTERNATIONAL FUND I - INTERNATIONAL EQUITY INVESTMENT. BOSTON INTERNATIONAL FUND I - US GOVERNMENT INCOME. BOSTON INTERNATIONAL FUND I - PACIFIC GROWTH INVESTMENT. BOSTON INTERNATIONAL FUND I - ARGENTINE INVESTMENT. BOSTON INTERNATIONAL FUND I - GLOBAL CAPITAL APPRECIATION.

BOSTON INTERNATIONAL FUND I - EQUITY INVESTMENT. BOSTON INTERNATIONAL FUND I - INCOME INVESTMENT. BOSTON INTERNATIONAL FUND I - INTERNATIONAL EQUITY INVESTMENT. BOSTON INTERNATIONAL FUND I - US GOVERNMENT INCOME. BOSTON INTERNATIONAL FUND I - PACIFIC GROWTH INVESTMENT. BOSTON INTERNATIONAL FUND I - ARGENTINE INVESTMENT. BOSTON INTERNATIONAL FUND I - GLOBAL CAPITAL APPRECIATION.

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Handwritten Arabic text at the bottom of the page: "صدا من الامل".

COMPANIES AND FINANCE: ASIA PACIFIC/INTERNATIONAL

Air NZ vows to pursue Ansett deal

By Bruce Jacques in Sydney and Terry Hall in Wellington

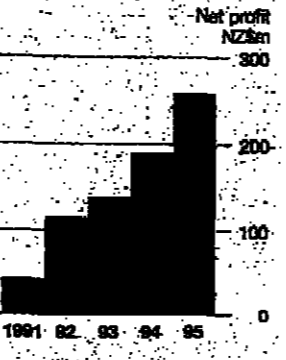
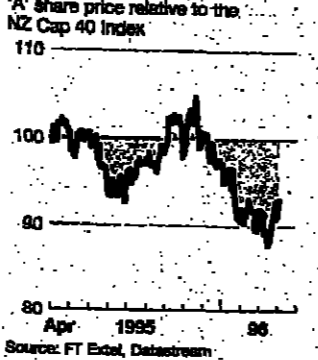
Participants in the proposed \$425m (US\$333m) sale of a half share in Ansett Airlines, the Australian carrier, yesterday vowed to complete the deal despite its rejection by the New Zealand Commerce Commission.

The commission earlier refused to sanction the plan which involves TNT, the Australian transport group, selling its 50 per cent Ansett stake to Air New Zealand in two tranches. Mr Rupert Murdoch's News Corporation owns the other 50 per cent.

In a majority decision made on the casting vote of its chairman, Mr Alan Bolland, the commission said it was not satisfied that the Air New Zealand-Ansett axis, which would result from the deal, would not acquire a dominant position in the country's aviation industry.

It noted that Air New Zealand and Ansett New Zealand, the Australian airline's New Zealand unit, together controlled almost 100 per cent of the country's air services.

Air New Zealand



"The commission would require public benefits to outweigh the detriment likely to arise from the acquisition, and in this instance, it is not satisfied that the benefits likely to accrue are such that it should be permitted," the determination said.

Mr Cowley, who is also in charge of News Corp's Australian operations, said the commission's decision was "disappointing, but not disastrous".

Zealand's managing director, Mr Jim McCrea, who said that his company remained "very much committed" to securing an influential stake in Ansett.

However, TNT executives would only say last night that the company was "reviewing its position".

Mr Cowley said that the News group would work with Air New Zealand towards a three-point structure, involving acquisition by Air New Zealand of a half share in Ansett, retention of Ansett New Zealand and continued competition in New Zealand aviation.

NEWS DIGEST

Jardine arm buys 20% of Tata unit

Jardine Strategic Holdings, the company through which Hong Kong-based Jardine Matheson controls its corporate empire, yesterday announced plans to acquire a 20 per cent stake in Tata Industries, the investment arm of India's Tata group.

Tata Industries is the principal investment vehicle of the Tata group for new ventures. It has interests in telecommunications, financial services, car components and airport development. In addition to the investment plans announced yesterday, which are subject to approval by the Indian government, Jardine said it planned to co-operate with Tata in other ventures in India.

Mr Ratan Tata, chairman of Tata Industries, said the alliance with the Jardine Matheson group would bring management skills and experience to areas in which Tata Industries is involved. Mr Alasdair Morrison, managing director of Jardine Strategic, said the association would make a positive contribution to India's economic development.

John Ridding, Hong Kong

APN in New Zealand venture

Australian Provincial Newspapers, the offshoot of Irish publishing group Independent Newspapers, has extended its reach into New Zealand media by leading the acquisition of a dominant radio network in the country.

APN said yesterday it was part of a consortium which had purchased Radio New Zealand Commercial (RNZC), the New Zealand government's commercial radio arm, for NZ\$80m (US\$80.5m). Other members of the consortium are Wilson and Horton, the New Zealand publisher which is 45 per cent controlled by Independent Newspapers, and Clear Channel Communications, the US radio and television group.

APN is already in a partnership with Clear Channel in Australia, where the two companies jointly own one of the country's biggest radio operators, Australian Radio Network, with annual revenue claimed to exceed A\$90m.

Bruce Jacques, Sydney

Bangkok Bank rejects offer

Bangkok Bank, Thailand's largest commercial bank, said it had rejected an offer from Mr Gordon Wu, chairman of Hopewell Holdings of Hong Kong, to buy 10 per cent of Hopewell's newly created Consolidated Real Estate and Transport Asia (CRETA) unit.

CRETA groups several of Hopewell's Asian infrastructure, transport and real estate projects, including a \$3.2bn rail and road development in Bangkok, which have been beset by delays. Hopewell would like to bring in minority shareholders to raise cash. However, Mr Charit Sophonpanich, Bangkok Bank's executive chairman, said he would only be interested if he could acquire a controlling interest in either CRETA or the Bangkok project portion of the company.

Ted Bardacke, Bangkok

Engen climbs 57% at midway

Engen, the biggest of South Africa's oil-importing fuel refiners, posted a 57 per cent rise in pre-tax profit to R170m (\$42.4m) for the six months to end-February, compared with R108m a year earlier. Higher international refinery margins and improved throughput at its Durban plant lifted turnover by 7.4 per cent from R4.3bn to R4.6bn, 3bn, while a bigger production surplus fueled a 40 per cent rise in exports.

The company said deregulation of the crude oil import market, which was controlled by the state-owned Central Energy Fund during the sanctions era, had intensified competition in the domestic market.

"The return on assets and development of added-value products has to replace market share as the measure of our performance. The market is overvalued," said Mr Rob Angel, chief executive. The fund still sets wholesale margins for the industry, which Mr Angel forecast could fall below the minimum level of a 10 per cent return on assets required to trigger a rise in the petrol price.

The Engen refinery had also been hit by more than 20 interruptions to its power supply, more than double the number experienced in fiscal 1995. A R47m wax blend plant at the Durban refinery was commissioned in November, and the company was developing a wider range of wax products for distribution this year.

Mark Ashurst, Johannesburg

Time right for Japan to cut its losses

Toyota chief urges government to help consolidate recovery

Japan's recovery from recession could be short-lived unless the country tackles the mountain of bad loans overhanging Tokyo's financial markets, according to Mr Shoichiro Toyota, chairman of Toyota Motor and of the Keidanren, the Japanese employers' federation.

"The most important problem is that of the housing loan companies. When we have done that, things will finally improve," Mr Toyota said in an interview.

The Toyota chief urged the government to do more to persuade taxpayers to support proposals to use Y685bn (\$6.4bn) in public money to rescue the housing loan companies, which have been driven to the brink of bankruptcy.

He called for a debate on the subject in the Diet (parliament). Mr Toyota said: "There's a superficial gut reaction in Japan that money should not be used to bail out useless institutions."

However, he said it should be stressed that "you are not just bailing out institutions but helping depositors, the ordinary people who are losing out as a result of what happened".

Mr Toyota believes the signs of economic recovery are increasing. This week, the Nikkei index opened the new financial year on a four-year high, while Toyota cheered shareholders with plans for a Y100bn share buy-back.

Industry has also gained from the decline in the yen, from a record high of Y80.633

against the US dollar in April last year to a recent average of Y108. Mr Toyota says that although sections of industry complain that the current level is still too high, most Japanese companies say it is "appropriate".

"I personally think the current level reflects the economic fundamentals." Mr Toyota is concerned about the continuing frictions with the US and Europe on the trade front, adding that Japan's markets need to be opened further to imports.

Many regulations have been relaxed but Japan still has "some way to go" before it is as open as the world's more liberalised economies, including the US, the UK and New Zealand, he says.

Mr Toyota points to the efforts of Toyota, Nissan Motor and other car companies to reduce Japan's surpluses with the US and other countries by promoting imports. An example is Toyota's marketing of vehicles from General Motors of the US through its Japanese showrooms. He added that the car industry in the rest of the world considered "things are now moving quite well" in Japan.

Like other carmakers, Toyota is reducing exports from Japan by expanding production overseas. In the UK, for example, capacity is due to double to 200,000 cars by 1998.

Overall, Toyota is planning to raise the percentage of non-Japanese sales accounted for by local production, from 48 per cent in 1994 to 60 per cent



Shoichiro Toyota: housing loan groups 'most important problem'

this year and 65 per cent in 1998.

Aside from the UK and the US, where Toyota has extensive investments, Mr Toyota singles out Portugal and Turkey as countries where Toyota's output will expand.

He also sees potential in India and China. Toyota has no specific plans to invest in India at present, but he agrees Japanese companies are showing a general surge of interest in the country. In China, he believes the authorities want to encourage foreign participation in the components industry, rather than in new car assembly plants.

He denies Japanese companies have found investment in China particularly difficult because of sometimes tense political relations between Beijing and Tokyo, and attributes the success of other carmakers

notably from Europe - to their "more positive attitude" to China at an early stage.

Mr Toyota says that until recently Japan's strategy was to export finished cars, but there has been a significant shift towards local production. "We want to achieve the position where we, too, are local manufacturers and good corporate citizens."

Mr Toyota denies he is worried about the breakneck international expansion of South Korean carmakers, and smiles at the suggestion that increased competition might force Japan to rationalise its car industry, with 11 separate vehicle makers. He believes there is little scope for such rationalisation at present.

Stefan Wagstyl and Haig Simonian

Finance One securities affiliates to merge in \$230m deal

By Ted Bardacke in Bangkok

Securities One and First Asia Securities, both affiliates of Finance One, Thailand's largest finance company, announced yesterday they would merge in a deal worth more than \$230m. Analysts said the deal would create the largest securities company based in south-east Asia.

The two companies will merge via a share swap. Securities One will acquire all 50m shares plus 10m out-

standing warrants of First Asia Securities by issuing 57m new shares valued at B220 million to First Asia shareholders. The combined equity of the two companies will be \$366m.

The B110 million placed on First Asia shares is a significant premium to the B192.50 closing price on Tuesday.

Although both companies are engaged in similar business - securities trading and underwriting - Securities One focuses on the domestic

market, while First Asia, via its large stake in Asia Equity, is stronger regionally. Asia Equity has offices in Hong Kong, London, New York, Manila, Kuala Lumpur and Jakarta.

With the increasing internationalisation of the investor base on the Thai stock market, Thai securities companies like Securities One have come under pressure from local brokers which have secured marketing and research agreements with international brokerage houses.

"The merger will integrate both firms' human resources and networks to enhance our strength in order to compete with other major foreign houses," said Mr Pakkawat Kovitvathanasophon, president of Securities One.

Profits at Securities One in 1995 fell 17 per cent to B243m (\$3.4m) while First Asia's 1995 profit dropped 80 per cent to B100m, partly due to sharply reduced domestic revenues.

Although this is the first merger

between two Thai securities companies since an industry shake-out in the mid-1980s, analysts said it could herald the beginning of a merger flurry in the industry, which now has 50 domestic brokers, nearly all of whom saw profits fall in 1995.

Finance One, controlled by Mr Pin Chakkaphak, also recently opened what is expected to become a round of consolidation in the Thai banking industry, by acquiring control of Thai Damu, a small family-owned bank.

SLIGOS SUSTAINED RECOVERY. The Board of Directors met on 1 April 1996, under the chairmanship of Henri Pascaud, to close the accounts for the year ended December 31, 1995. The accounts showed net income of 88.7 million French francs, equivalent to a net margin of 2.1%.

Notice to the Holders of The Chase Manhattan Corporation Subordinated Euro Medium-Term Notes, Series B (Floating Rate Notes due 2003). Issued Under the Amended and Restated Indenture, Dated as of September 1, 1993, between The Chase Manhattan Corporation and Chemical Bank.

The Financial Times plans to publish a Survey on Uruguay on Friday, May 24. The survey will look at the country's economy, Mercosur, pensions reform, banking, politics and more. For more information on advertising opportunities in this survey, please contact: Penny Scott in New York: Tel: (212) 688-6900 Fax: (212) 688-8229 or Raul Fontaina in Uruguay: Tel: (5982) 403-811 FT Surveys

BOSTON EUROPEAN BOND FUND. Notice is hereby given to the shareholders of BOSTON EUROPEAN BOND FUND, an open-ended investment company, that the annual meeting of the shareholders will be held on Friday, April 24, 1996, at 9:00 a.m. local time in the following agenda:

COMPANIES AND FINANCE: THE AMERICAS

Strong interest in Lucent IPO

By Richard Waters in New York

A surge of interest from investors around the world seems likely to assure a strong launch on the stock market today for Lucent Technologies, the telephone equipment maker which is being floated by its parent, AT&T.

The indicated price at which they expect the shares to be sold, and looks set to provide a firm base for the newly-traded company from today. The final price was due to be determined late yesterday.

Earlier this week, the indicated price range for the shares was raised from \$22-\$25 to \$25-\$27, though some IPO analysts suggested it might be set even higher. If priced at the top of the indicated range, the sale of 111m shares would bring in \$3bn, and value the entire company at more than \$17bn.

The strong demand has already led the lead underwriters, Morgan Stanley and Goldman Sachs, to raise

the date for the beginning of trading in the company's shares, reducing the risk that a fall in the stock market would hamper the issue.

Some 14m of the shares being sold have been offered outside the US.

The IPO of Lucent is the second giant corporate spin-off of the week. Ironically, it also comes amid a fresh wave of multi-billion dollar acquisitions in the US.

On Monday, General Motors agreed terms for splitting off EDS, its computer consulting arm, into a company currently valued at more than \$25bn. It is already possible to invest in EDS through GM's class B

stock, which is tied to EDS's profits.

The EDS spin-off is expected to be completed before the middle of the year, as is Ford Motor's plan for an IPO for part of its financial services arm, The Associates.

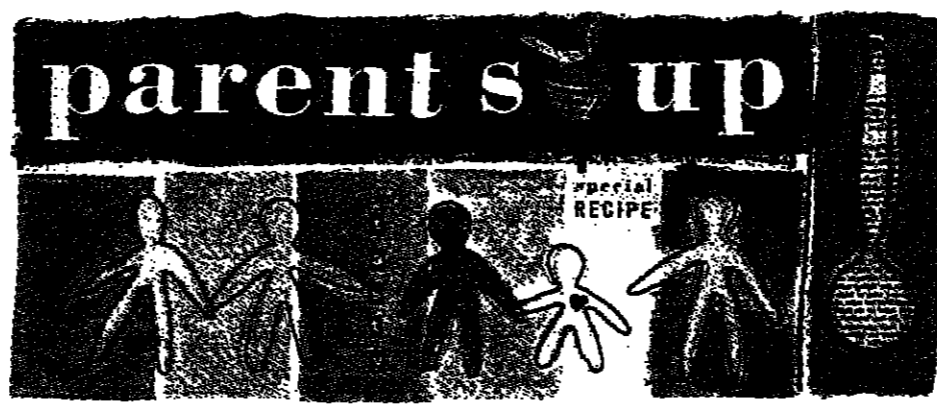
Mr David Menlow, president of IPO Financial Network, which tracks the fate of public offerings, predicted that Lucent's shares would open at a premium of \$2-\$3 over the initial offering price.

"It is going to be an institutional darling," he said. "The only question is when people should buy more."

Creative chaos in Internet jungle

Lisa Bransten on iVillage, a possible winner in content provision

Even on a relatively calm day, the atmosphere at iVillage is chaotic. Since the Internet content company was founded in September it has grown from four to nearly 50 employees, and most of them are crammed into one small open room at the company's headquarters in lower Manhattan.



The cramped conditions - which should change soon when the company moves into new office space - are the price of being a potential winner among the thousands of firms now developing programming for the untamed world of the Internet.

iVillage's chances of success should increase later this month, when it receives an injection of capital that will make it among the most highly capitalised content companies in the US. Ms Candice Carpenter, the company's founder and chief executive, says that next week a new round of financing will bring in about \$1m from a mix of sources including a venture capital group, a traditional media company and a cable network. Also, America Online, the online service provider, put up \$2m to help launch the company in exchange for a 20 per cent stake.

The first of five planned channels, Parent Soup, went up on America Online last week. The World Wide Web in January. It is a site where users can gather information, listen to experts or just trade notes with other parents (<http://www.parentsoup.com>). A site on work (About Work) and another on

building 1-800-Flowers - the fresh flower retailing group - into one of the most successful interactive retailers in the US.

All of iVillage's channels will run on the Internet and America Online for the first 12 months, under the terms of the joint venture. Then iVillage is free to try to sell them to other online service companies.

What distinguishes iVillage from the thousands of companies creating content for the Internet is its management team, which draws from traditional and interactive media.

Ms Carpenter was president of Q2, a cable retailing channel that was a unit of Mr Barry Diller's QVC. Ms Nancy Evans, iVillage president, was a co-founder of Family Life magazine and is credited with reviving the fortunes of the publisher Doubleday while she was its president. Ms Elaine Rubin, senior vice-president for interactive marketing, has experience with interactive marketing from her time spent

at the business model is uncertain and the public has been resistant to paying for content.

iVillage expects three primary revenue streams: royalties from online service companies such as America Online; fees to advertise on pages within each channel; and retail sales. By 2001, Ms Carpenter expects royalty fees to dwindle to as little as 10 per cent of revenue, with more than 50 per

cent from retail sales and the rest from advertising.

In a world where revenue sources are hard to find, iVillage managed to raise about \$500,000 by selling channel sponsorships to Starbucks, Nissan, Toyota, MGM and Polaroid before Parent Soup even went up.

Another challenge for iVillage will be competing with traditional media giants such as Disney, Viacom and Time Warner, all of which are building their own sites on the World Wide Web.

These groups have deep pockets, but many think the smaller companies may have a clearer understanding of the medium and be able to react more quickly to changes in the way the Internet is used.

Ms Carpenter acknowledges there is no guarantee iVillage will be a survivor of any shake-out among Internet content companies. "The kind of people who do this stuff don't have very raw nerve endings."

Codelco in exploration pact with AMP

Chile Copper Corp (Codelco), the state-owned mining group, will sign a metals exploration alliance with AMP, the Australian institutional investor, next month, reports Reuters from Santiago.

Mr Ivan Valenzuela, Codelco's vice-president for exploration, said the alliance was to finance mining exploration projects in Chile and else-

where. It would be split 51 per cent to AMP and 49 per cent to Codelco.

The first projects to be prospected by the association would all be local copper and gold projects, including Maria Delia, Sierra Jardin, Sierra Morena and Exploradora.

Mr Juan Villarru, Codelco president, said the AMP alliance could point the way for

Chile's own institutional investors, including cash-rich pension funds, to fulfil their long-standing wish to invest directly in mining projects with Codelco.

Pension funds have long sought to invest in Chile's mining industry but are stymied by the dearth of copper companies trading on the Santiago stock exchange. State regula-

tions aimed at protecting pensioners' savings limit the funds' scope for investing directly in mining projects.

Mr Villarru said Codelco was in talks with the Superintendent of Pension Funds, a regulatory body, to see how pension funds might invest with Codelco in a new medium-sized copper project known as San

NEWS DIGEST

Televisa may sell PanAmSat stake

Televisa of Mexico, the largest media company in the Spanish-speaking world, is considering selling its 40.5 per cent stake in PanAmSat, the privately-owned global satellite system, for more than \$1bn. Televisa paid \$200m in 1992 for its stake in PanAmSat, which had a market capitalisation of \$3.1bn at the close of trade on Tuesday.

PanAmSat, which operates four satellites covering the Atlantic, Pacific and Indian Ocean regions, already lists 19 per cent of its shares on the US Nasdaq exchange. Earlier this week it filed a registration statement with the Securities and Exchange Commission for an underwritten secondary offering of common stock worth about \$350m. NewsCorp-MCI and GM Hughes Communications are both thought to be interested in a possible acquisition.

PanAmSat's change in status follows the death last year of Mr Reynaldo Anselmo, PanAmSat's founder. For its part, Televisa wants to improve its liquidity in the middle of a downturn. At the end of 1995, the company had short-term liabilities of \$90m.

"As the company's fundamental business has always been programming, the business does not necessarily need to own distribution assets, as long as our programming has access assured to a wide spectrum of distribution media," said Mr Guillermo Cañedo White, Televisa's executive vice-president of finances. He said the company was considering divestiture of other distribution media as well. Daniel Dombey, Mexico City

ITT in takeover talks with Bally

ITT, the US hotels and casinos group, is understood to be in talks with Bally Entertainment about a possible takeover of the US gambling company, which has casinos in Las Vegas and Atlantic City. Bally's shares, which rose 20 per cent to \$21 on Tuesday on takeover speculation, rose another 8% in early trading yesterday, valuing the company at about \$1.3bn.

It was uncertain whether or not a takeover would be agreed. Mr Arthur Goldberg, Bally's chairman, is known as a tough negotiator who may demand a higher price for his company than ITT is prepared to pay. Earlier negotiations between Bally and Hilton Hotels, which also has extensive gambling interests, are believed to have broken down.

ITT's interest in acquiring Bally appears to be driven by its desire to expand its gambling interests. At the end of 1994 ITT agreed to buy Caesars World, one of the best known names in the gambling industry, for \$1.7bn in cash. The group later spun off its industrial and financial operations to concentrate on expansion in the leisure industry.

Richard Tomkins, New York

Repap warns on first quarter

Repap, one of North America's leading timber, pulp and coated paper producers, said inventory reductions by US customers were winding down but it would report first-quarter results "substantially below" forecast levels.

Repap, with annual capacity of 1m tonnes of coated paper and 810,000 tonnes of pulp, has already cut output and more reductions are due in the second quarter. Coated paper and pulp prices have fallen at least 30 per cent in the past six months.

Repap believes the coated paper inventory correction should be over by mid-year and orders may pick up with the US election and the summer Olympics in Atlanta. Repap earned C\$140m (US\$108m) on revenues of C\$2.1bn in 1995.

Robert Gibbens, Montreal

Power Financial makes progress

Power Financial, the financial services group controlled by the Canadian financier, Mr Paul Desmarais, posted fourth-quarter 1995 net profit of C\$88.1m (US\$65m), or 96 cents a share, up 12 per cent from C\$78.4m, or 87 cents, a year earlier. For the full year earnings were C\$309.3m, or C\$3.41, up 13.3 per cent from C\$273.1m, or C\$3.01, in 1994. Consolidated revenues were C\$6.9bn against C\$6.6bn.

The gains came from strong contributions from the life insurance and mutual fund subsidiaries and also from Power's 26 per cent equity interest in Pargesa, the big European industrial and communications holding company. Power Financial shares control of Pargesa with the Frere interests of Belgium.

Robert Gibbens

Amdahl pays \$145m for Trecom

Amdahl, the US mainframe computer company, (AMH) is to acquire Trecom Business Systems, a privately-held provider of information-technology services, for \$145m, with about half to be paid now and the other half in the 1997 second quarter. Amdahl said Trecom had 1995 revenues of about \$140m.

AP-DJ, Montreal

BOSTON BRAZIL INVESTMENT FUND, SICAV. Notice of Meeting. Includes details about the fund's structure, amendments to articles, and shareholder information.

BOSTON BRAZIL INVESTMENT FUND, SICAV. Notice of Meeting. Includes details about the fund's structure, amendments to articles, and shareholder information.

BOSTON LIQUIDITY MANAGEMENT FUND, SICAV. Notice of Meeting. Includes details about the fund's structure, amendments to articles, and shareholder information.

BOSTON MULTI-CURRENCY FUND, SICAV. Notice of Meeting. Includes details about the fund's structure, amendments to articles, and shareholder information.

Cheltenham & Gloucester. Floating Rate Subordinated Notes due 2004. Includes details about the notes and contact information.

BOSTON BRAZIL INVESTMENT FUND, SICAV. Notice of Meeting. Includes details about the fund's structure, amendments to articles, and shareholder information.

BOSTON LIQUIDITY MANAGEMENT FUND, SICAV. Notice of Meeting. Includes details about the fund's structure, amendments to articles, and shareholder information.

BOSTON MULTI-CURRENCY FUND, SICAV. Notice of Meeting. Includes details about the fund's structure, amendments to articles, and shareholder information.

Handwritten Arabic text: "مكتبة من الامم"

صكنا من الامل

COMPANIES AND FINANCE: UK

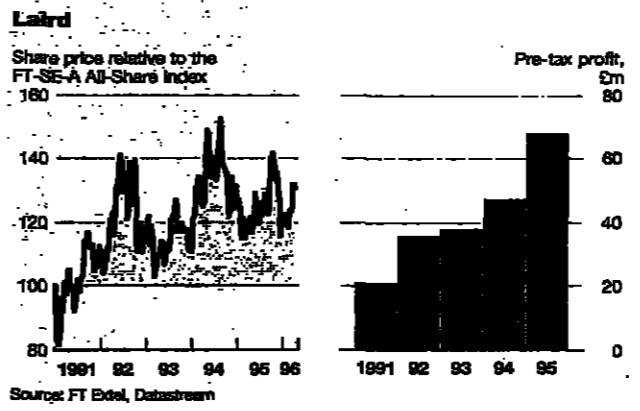
Restructuring costs leave United News lower at £105m

By Christopher Price Shares in United News & Media rose 31p to 86p yesterday after the publishing and exhibitions group's merger with MAI, the media and financial services company, went unconditional. The news accompanied United's 1995 results, which showed a 24 per cent fall in pre-tax profits to £104.5m (£15m) after restructuring provisions of £30.7m.

The merger documents two months ago, on a sharp rise in newspaper costs and disappointing advertising revenues. The best performance came from the magazines and exhibitions division, where operating profits increased 30 per cent to £49.3m on turnover of £269.8m (£218.1m).

Sluggish start overseas hits shares in Laird

By Tim Burt Laird Group, the motor components and building products manufacturer, yesterday reported a 39 per cent increase in full year profits despite difficult trading conditions and sharp raw material price rises. The company, which also distributes cables and plastic mouldings, saw pre-tax profits for 1995 rise from £47.7m to £65.1m (£100m) on increased sales of £897.5m (£738.5m).



Bid battle for BET intensifies

The hostile £1.9bn (\$2bn) takeover battle between BET and Rentkil intensified yesterday as the two businesses over profits forecasts and rival strategies, writes Tim Burk. BET accused its stalker of meddling by querying its profits growth and cash management. Rentkil had earlier claimed that BET was "treating its shareholders like fools" after publishing a revised profit forecast of £146m for the year to March 31, upgrading an earlier estimate of £142m.

Woolwich chief's expenses a 'question of trust'

By Alison Smith and Clay Harris Mr Peter Robinson, the ousted group chief executive of Woolwich Building Society, had been allowed to claim expenses without any supporting signature for more than a year. The society, Britain's third largest, has no plans to change this procedure, which was described yesterday as a "question of trust" by Mr Donald Kirkham, Woolwich's former chief executive who has been brought in as an acting head until a permanent replacement can be found.

to an expected stock market flotation next year - on Tuesday after directors confronted him with allegations relating to the purchase of a Range Rover and to decorating and gardening work undertaken at his home at Brunel in Kent. The official line that Mr Robinson had quit of his own accord was dropped yesterday. His solicitors said: "There is no beating about the bush. He was forced to resign."

LEX COMMENT Northern Rock

Northern Rock's decision to turn itself into a bank is good news for its members - but nothing like as good as it should be. On the contrary, the plan shows just how unaccountable a building society management can be. For a start, the directors say they will recommend only their own scheme to members, however good an offer they might get from outside. No company's board of directors would get away with such a line. And if it comes to the crunch Northern's are unlikely to either. But the real sting in the tail for members lies in Northern's plan for a charitable trust - which looks suspiciously like a poison pill.

Granada makes first Forte sale

By David Blackwell and Raymond Snoddy Granada, the leisure, television and hotels group, yesterday completed its first disposal since taking over Forte in January with the sale of the White Hart chain to Regal Hotels for £121.7m (£185m). The acquisition will quadruple the size of Regal, founded in 1985 with three hotels. Granada is also planning to cut a further 300 jobs from the staff at Forte's head office and central management structure.

Omnicom's £45m Aegis sale

Omnicom Group, the US managed services group, has raised £45m from the sale of its stake in Aegis, the UK-quoted media buying company. Its 75m shares and 60m warrants worth £1,000, surprised competitors which had seen it as likely to seek a buyer.

BOSTON EUROPEAN BOND FUND, SICAV Société d'investissement à Capital Variable Registered office: 49, route d'Esch, L-1478 Luxembourg R.C. Luxembourg B.42216

BOSTON STRATEGIC INCOME FUND, SICAV Société d'investissement à Capital Variable Registered office: 49, route d'Esch, L-1478 Luxembourg R.C. Luxembourg B.42218

BOSTON GLOBAL CAPITAL APPRECIATION FUND, SICAV Société d'investissement à Capital Variable Registered office: 69, route d'Esch, L-1478 Luxembourg R.C. Luxembourg B.99999

BOSTON ARGENTINE INVESTMENT FUND, SICAV Société d'investissement à Capital Variable Registered office: 69, route d'Esch, L-1478 Luxembourg R.C. Luxembourg B.99999

COMPANIES AND FINANCE: UK

Purchase will create world's 'largest electronic controls maker'

Siebe agrees Unitech deal

By Tim Burt

Siebe, the industrial equipment group, yesterday claimed to have formed the world's largest electronic controls manufacturer by acquiring Unitech, its smaller UK rival, for \$530m (£290.4m).



L to R: Barrie Stephens and Alan Yurko, chairman and managing director of Siebe and Peter Curry

improves Unitech's ability to consolidate its leading positions in highly fragmented world markets.

share, with a cash alternative of 689.29p a share. Siebe's shares closed down 23p at 874p valuing the share offer at 703p.

expressed satisfaction at the deal, particularly given the price agreed last month with Electrowatt, the Swiss electronic group and Unitech's largest shareholder.

RESULTS

Table with columns: Turnover (£m), Profit (£m), EPS (p), Current payment (p), Date of payment, Dividends Corresponding dividend, Total for year, Total last year. Rows include Atlas Converting, Bockley's, British Drilling, etc.

Investment Trusts... Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period.

McKechnie retains growth strategy

By Richard Wolff

McKechnie, the plastics and metal components group, yesterday pledged to continue its acquisition strategy which has added three subsidiaries at a cost of more than \$58m (£36m) in the last six months.

First-half pre-tax profits met City expectations with a 7 per cent rise to \$21.5m on sales up 6 per cent at \$269.3m.

However, on an underlying basis, continuing businesses reported stagnant operating profits of \$21.3m on turnover up 4 per cent at \$261.9m. The plastics division suffered as customers in business electronics and telecommunications destocked and cancelled orders, particularly in the US.

BCCI HOLDINGS (LUXEMBOURG) SA (IN LIQUIDATION) Airport Center, 5 rue Höhenhof, L-1736 SENNINGERBERG BANK OF CREDIT AND COMMERCE INTERNATIONAL SA (IN LIQUIDATION) Airport Center, 5 rue Höhenhof, L-1736 SENNINGERBERG

EXTRACT By Court order dated 27 March 1996, the Luxembourg District Court has modified the winding-up orders on BCCI Holdings (Luxembourg) S.A. and Bank of Credit and Commerce International S.A., both with registered offices at L-1736 Senningerberg (Grand Duchy of Luxembourg), Airport Center, 5 Rue Höhenhof, as follows:

A certified true copy: Jacques DELVAUX Georges RAVARANI Court appointed Liquidators of BCCI Holdings (LUXEMBOURG) S.A. in Liquidation Georges BADEN Julien FODEN Brian SMOUHA Court appointed Liquidators of BANK OF CREDIT AND COMMERCE INTERNATIONAL S.A. in Liquidation

Les Echos The FT can help you reach additional business readers in France. Our link with the French business newspaper, Les Echos, gives you a unique recruitment advertising opportunity to capitalise on the FT's European readership and to further target the French business world.

BOSTON PACIFIC GROWTH INVESTMENT FUND, SICAV Société d'investissement à Capital Variable Registered office: 69, route d'Esch, L-1478 Luxembourg R.C. Luxembourg B.2726

NOTICE OF MEETING

Notice is hereby given to the Shareholders of Boston Pacific Growth Investment Fund, SICAV (the "Company") that an EXTRAORDINARY SHAREHOLDERS' MEETING will be held before noon on April 24, 1996 at 10.30am local time at the registered office with the following agenda:

- Agenda: Approval of the merger by absorption of the Company by BOSTON INTERNATIONAL FUND I, SICAV (formerly BOSTON EUROPEAN BOND FUND, SICAV) together with BOSTON EQUITY INVESTMENT FUND, SICAV, BOSTON INCOME INVESTMENT FUND, SICAV, BOSTON INTERNATIONAL EQUITY INVESTMENT FUND, SICAV, BOSTON US GOVERNMENT INCOME FUND, SICAV, BOSTON ARGENTINE INVESTMENT FUND, SICAV, BOSTON GLOBAL CAPITAL APPRECIATION FUND, SICAV, BOSTON STRATEGIC INCOME FUND, SICAV, all Luxembourg societies of investment à capital variable with registered office at 69, route d'Esch, L-1478 Luxembourg, and upon hearing:

2) the audit report prescribed by article 266 of the Luxembourg law on commercial companies and prepared by Coopers & Lybrand, 16 rue Eugène Reppert, L-2453 Luxembourg, subject to the approval of the Merger Proposal by the Shareholders of BOSTON INTERNATIONAL FUND I, SICAV (formerly BOSTON EUROPEAN BOND FUND, SICAV) together with BOSTON EQUITY INVESTMENT FUND, SICAV, BOSTON INCOME INVESTMENT FUND, SICAV, BOSTON INTERNATIONAL EQUITY INVESTMENT FUND, SICAV, BOSTON US GOVERNMENT INCOME FUND, SICAV, BOSTON ARGENTINE INVESTMENT FUND, SICAV, BOSTON GLOBAL CAPITAL APPRECIATION FUND, SICAV, BOSTON STRATEGIC INCOME FUND, SICAV, all Luxembourg societies of investment à capital variable with registered office at 69, route d'Esch, L-1478 Luxembourg, and upon hearing:

BOSTON U.S. GOVERNMENT INCOME FUND, SICAV Société d'investissement à Capital Variable Registered office: 69, route d'Esch, L-1478 Luxembourg R.C. Luxembourg B.2726

NOTICE OF MEETING

Notice is hereby given to the Shareholders of Boston U.S. Government Income Fund, SICAV (the "Company") that an EXTRAORDINARY SHAREHOLDERS' MEETING will be held before noon on April 24, 1996 at 10.30am local time at the registered office with the following agenda:

- Agenda: Approval of the merger by absorption of the Company by BOSTON INTERNATIONAL FUND I, SICAV (formerly BOSTON EUROPEAN BOND FUND, SICAV) together with BOSTON EQUITY INVESTMENT FUND, SICAV, BOSTON INCOME INVESTMENT FUND, SICAV, BOSTON INTERNATIONAL EQUITY INVESTMENT FUND, SICAV, BOSTON US GOVERNMENT INCOME FUND, SICAV, BOSTON ARGENTINE INVESTMENT FUND, SICAV, BOSTON GLOBAL CAPITAL APPRECIATION FUND, SICAV, BOSTON STRATEGIC INCOME FUND, SICAV, all Luxembourg societies of investment à capital variable with registered office at 69, route d'Esch, L-1478 Luxembourg, and upon hearing:

2) the audit report prescribed by article 266 of the Luxembourg law on commercial companies and prepared by Coopers & Lybrand, 16 rue Eugène Reppert, L-2453 Luxembourg, subject to the approval of the Merger Proposal by the Shareholders of BOSTON INTERNATIONAL FUND I, SICAV (formerly BOSTON EUROPEAN BOND FUND, SICAV) together with BOSTON EQUITY INVESTMENT FUND, SICAV, BOSTON INCOME INVESTMENT FUND, SICAV, BOSTON INTERNATIONAL EQUITY INVESTMENT FUND, SICAV, BOSTON US GOVERNMENT INCOME FUND, SICAV, BOSTON ARGENTINE INVESTMENT FUND, SICAV, BOSTON GLOBAL CAPITAL APPRECIATION FUND, SICAV, BOSTON STRATEGIC INCOME FUND, SICAV, all Luxembourg societies of investment à capital variable with registered office at 69, route d'Esch, L-1478 Luxembourg, and upon hearing:

BOSTON INTERNATIONAL EQUITY INVESTMENT FUND, SICAV Société d'investissement à Capital Variable Registered office: 69, route d'Esch, L-1478 Luxembourg R.C. Luxembourg B.25256

NOTICE OF MEETING

Notice is hereby given to the Shareholders of Boston International Equity Investment Fund, SICAV (the "Company") that an EXTRAORDINARY SHAREHOLDERS' MEETING will be held before noon on April 24, 1996 at 10.30am local time at the registered office with the following agenda:

- Agenda: Approval of the merger by absorption of the Company by BOSTON INTERNATIONAL FUND I, SICAV (formerly BOSTON EUROPEAN BOND FUND, SICAV) together with BOSTON EQUITY INVESTMENT FUND, SICAV, BOSTON INCOME INVESTMENT FUND, SICAV, BOSTON INTERNATIONAL EQUITY INVESTMENT FUND, SICAV, BOSTON US GOVERNMENT INCOME FUND, SICAV, BOSTON ARGENTINE INVESTMENT FUND, SICAV, BOSTON GLOBAL CAPITAL APPRECIATION FUND, SICAV, BOSTON STRATEGIC INCOME FUND, SICAV, all Luxembourg societies of investment à capital variable with registered office at 69, route d'Esch, L-1478 Luxembourg, and upon hearing:

2) the audit report prescribed by article 266 of the Luxembourg law on commercial companies and prepared by Coopers & Lybrand, 16 rue Eugène Reppert, L-2453 Luxembourg, subject to the approval of the Merger Proposal by the Shareholders of BOSTON INTERNATIONAL FUND I, SICAV (formerly BOSTON EUROPEAN BOND FUND, SICAV) together with BOSTON EQUITY INVESTMENT FUND, SICAV, BOSTON INCOME INVESTMENT FUND, SICAV, BOSTON INTERNATIONAL EQUITY INVESTMENT FUND, SICAV, BOSTON US GOVERNMENT INCOME FUND, SICAV, BOSTON ARGENTINE INVESTMENT FUND, SICAV, BOSTON GLOBAL CAPITAL APPRECIATION FUND, SICAV, BOSTON STRATEGIC INCOME FUND, SICAV, all Luxembourg societies of investment à capital variable with registered office at 69, route d'Esch, L-1478 Luxembourg, and upon hearing:

HAGEMEYER N.V. registered office in Amsterdam

Announcement to the shareholders

Hagemeyer N.V. announces that the cash portion of the optional stock dividend to be proposed to the Annual General Meeting of Shareholders on April 15, 1996 will be NLG 0.36

The Annual General Meeting of Shareholders will be asked to approve a dividend of NLG 2.00 per Hagemeyer ordinary share of NLG 5.-- nominal value. At the discretion of shareholders this dividend will be paid either entirely in cash, or in the above cash amount of NLG 0.36 plus a stock dividend of 172 of a Hagemeyer ordinary share of NLG 5.-- nominal value. Except to the extent shareholders elect for payment out of retained earnings, the stock dividend will be paid from the share premium account.

Naarden, April 3, 1996 HAGEMEYER N.V. Board of Management



LEGAL NOTICES COMMONWEALTH OF THE BAHAMAS IN THE SUPREME COURT Equity Side BETWEEN: IN THE MATTER OF MERIDIAN INTERNATIONAL BANK LIMITED (In Liquidation) AND IN THE MATTER OF THE COMPANIES ACT 1992 NOTICE is hereby given that the Creditors of the above-named Company which is being wound up by the Court are required to send their names and addresses and the particulars of their debts or claims and the names and addresses of their Attorneys (if any) to the Official Liquidator of the said Company at P.O. Box N-123, Nassau, Bahamas not later than 14 days before the date of the meeting of the said Official Liquidator or by their Attorneys or personally in person and prove the said debts or claims at such time and place as shall be specified in such Notice or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved. Dated: this 26th day of March A.D., 1996. MCKENNEY, BANCROFT & FUGGERS Attorneys for the Official Liquidator Meridian International Bank Limited (In Liquidation)

The Financial Times plans to publish a Survey on Switzerland on Monday, April 15. Information on advertising can be obtained from: John Rolley or Simone Egli, Financial Times (Switzerland) Ltd, 15 rue du Cantinier, CH-1201 Geneva. Tel: +41 22 731 1804 Fax: +41 22 731 9481 Ernst Jenny in Schwanden Tel: +41 58 613 070 Fax: +41 58 613 076 Lindsay Sheppard in London Tel: +44 171 873 3225 Fax: +44 171 873 3428 or your usual Financial Times representative. FT Surveys

Handwritten note in Arabic script: صكوك من الامل

COMMODITIES AND AGRICULTURE

Peruvian copper producer plans 'important' expansion

By Sally Bowen in Lima
Southern Peru, majority-owned by Asarco of the US and producer of more than 60 per cent of all Peru's copper, is evaluating an 'important' expansion of its operations at the two mines of Cuajone and Toquepala, according to senior company executives in Lima.

output. Now, engineering studies are well under way to define how best to develop these new reserves. Mr Guillermo Payet, vice-president for finance, declined to elaborate, but said "during the course of this year, we'll have a clear idea of the investments we'll make".

\$928.8m. First quarter 1996 results will be in line with 1995's, according to Mr Payet, making allowance for a lower average copper price (around 115 cents a pound instead of 130 cents) and increased production.

Funds 'have not boosted metal price volatility'

By Kenneth Gooding, Mining Correspondent
The invasion of base metals markets by speculative investment funds since mid-1993 has not caused any long term increase in price volatility, according to a paper presented to the Minerals Economics and Management Society.

'Freedom to farm' to cost US \$36bn
Nancy Dunne examines a controversial, election-year policy switch

President Bill Clinton is expected this week to sign the "freedom-to-farm" act, which will repeal the most sweeping set of farm reform since the 1930s.



Bill Clinton: has reservations about the bill

For voters Washington has been paying farmers not to farm in order to keep production in line with demand. The "reform" programme will pay farmers over the next seven years whether they farm or not.

event of natural disasters or other circumstances that sharply reduce their income. He said he would work to "improve" the legislation next year.

Mr Dan Glickman, the US agriculture secretary, agrees that the measures because the old farm programme had expired, and farmers were pressing for action on a new one so they could plan their spring planting.

Most of the government largesse will go to the largest farmers and grain trading companies. These are not income supports but "transition" payments, based on past payment levels, made on the theory that US producers are so "addicted" to subsidies that they must be eased off their drug of choice.

Mr Clinton said he would sign the bill, but he had reservations because the old programme without regard to whether farmers are receiving adequate income from the market, "yet leaves farmers without protection in the

Farm economists are uncertain whether the stocks signals a long-running food shortage. The International Food Policy Research Institute in Washington notes that farmers in Canada, the US, Russia and Ukraine have already expanded wheat plantings in

response to high prices and fertilizer demand is increasing. "If governments pursue appropriate macroeconomic and sector policies and expand investment in agriculture research and technology, agricultural productivity will increase, global grain production will keep up with demand and real cereal prices will continue the downward trend of the last 50 years," it said.

"If there is insufficient investment in the agriculture and rural sectors, real cereal prices could rise. The degree of success with which China and the countries of eastern Europe and the former Soviet Union will significantly influence future global food supply and demand."

Mr Mark Ritchie of the Minneapolis-based Institute for Agriculture and Trade Policy says the new programme was based on a 10-year-old assumption of endless surpluses. It has not factored in demand from a prospering China, the end of the Cold War or changing weather patterns. He sees the new export tax on EU wheat exports and worries that the US government may impose similar measures to stem food price rises.

"This programme means the end of farm and food stabilisation," he said. "While prices are up farmers won't notice but consumers will. In the next few years the foolishness of the farm bill will become apparent."

Venezuelan aluminium smelter suspends shipments to Japan

By Ray Collitt in Caracas
The Venezuelan aluminium smelter CVG Industria Venezolana de Aluminio (Venalum) has suspended aluminium shipments to Japan as a result of differences in contract negotiations with its Japanese shareholders.

Mr Carrera said that "shipments would resume once a new contract was worked out". He added that Venalum was entirely willing to reach an agreement with the Japanese investors.

The privatisation plan called for a merger of Venalum prior to its sale with CVG Bauxilum, a state-owned plant that mines 5.36m tonnes of bauxite (aluminium ore) a year and produces 1.5m tonnes of aluminium, short of its 2m tonne capacity. Venalum's annual output equals 417,544 tonnes of refined aluminium.

Mr Gilbert's team's research into the functioning of commodity futures markets, has led it to conclude that metal price volatility is static. The evidence "implies there has been no change in the mean of the volatility process" over the periods studied.

New Zealand man-made forest up for sale

By Terry Hall in Wellington
The New Zealand government is to offer the Katangara Forest as described as the world's biggest man-made forest - for sale to an international tender later this year.

Planting of the forest, of radiata pine and Douglas fir, began as a make-work scheme in the 1930s depression. It now covers 188,000 hectares in the central North Island and is the

enquiry into the sale if it gains office. Mr Bill Birch, the Minister of Finance, says the sale will be conditional on the new owners satisfying the government that they will add downstream timber processing facilities to create jobs.

The forest, valued at NZ\$1.7bn (US\$1.16bn), represents 12 per cent of New Zealand's commercial forestry and supplies 77 per cent of its

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

Table with columns for metal type (Copper, Aluminium, Zinc, Lead, Tin, Nickel), price change, high, low, and open/close prices.

Precious Metals continued

WHEAT COMEX (100 Troy oz; \$/troy oz)

Table with columns for date, price change, high, low, and open/close prices for Wheat, Silver, and Gold.

ENERGY

CRUDE OIL NYMEX (42,000 US gal; \$/barrel)

Table with columns for date, price change, high, low, and open/close prices for Crude Oil, Heating Oil, and Gas.

GRAINS AND OIL SEEDS

WHEAT LCE (¢ per tonne)

Table with columns for date, price change, high, low, and open/close prices for Wheat, Maize, Soybeans, and Barley.

SOYBEANS

SOYBEAN OIL CBT (50,000 lbs; \$/barrel)

Table with columns for date, price change, high, low, and open/close prices for Soybean Oil and Soybean Meal.

SOFTS

COFFEE LCE (¢/lb)

Table with columns for date, price change, high, low, and open/close prices for Coffee, Cocoa, and Sugar.

MEAT AND LIVESTOCK

LIVE CATTLE CME (40,000 lbs; cents/lb)

Table with columns for date, price change, high, low, and open/close prices for Live Cattle, Pork, and Lamb.

LONDON TRADED OPTIONS

ALUMINIUM (99.7% LME)

Table with columns for date, price change, high, low, and open/close prices for Aluminum, Copper, and Gold.

LONDON SPOT MARKETS

CRUDE OIL FOB (per barrel)

Table with columns for date, price change, high, low, and open/close prices for various oil products and metals.

FUTURES DATA

All futures data supplied by CME

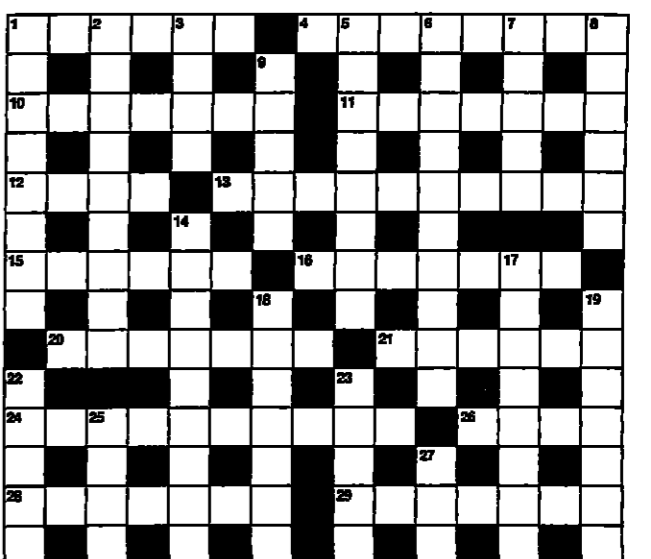
Table with columns for contract type, date, price change, high, low, and open/close prices for various futures contracts.

JOTTER PAD

Table with columns for date, price change, high, low, and open/close prices for various commodities.

CROSSWORD

No.9,036 Set by VIXEN



- ACROSS
1 A man, if preceding the Queen, must be dead (6)
4 Old church leader found faultless (8)
10 Seen as far from frosty (7)
11 A hirer without point will come in again (2-6)
12 Impound - and about time! (4)
13 More than one demise put readers off (10)
15 Article on a dreadful place in the Middle East (6)
16 Unusual employment for an older man (7)
17 The minister is English and so correct (6)
18 All out, even if with some irregularity (10)
19 Assumption of superiority that's the making of a team word (4)
24 A person not doing well in either finals or annual exams (4-3)
29 Go on about a member standing up (7)
30 Allot the underworld prison quarters (8)
31 Constituents are possibly after a close win (6)
DOWN
1 Demonstrate approval of an employee going on strike (8)
2 Tire agent out but get a merger organized (6)
3 Every one requires a certain amount of teaching (4)
5 Run up a charge - five hundred - as told (8)
6 He's upset because of a man producing pictures (10)
7 The consumer showing some hesitation accepting a note (5)
8 A flighty creature's infantile complaint (6)
9 Ophidian summer (5)
14 Seafood as the principal part of a meal (4-6)
17 Scooped after the continental mini broke down, being put out (9)
18 Robbers on land and in ships (8)
19 A copier is material to 7 (8)
22 Leave behind the city thoroughfare (6)
23 A woman left in charge (6)
25 Love for one's productive plot (5)
27 Name change that's the last word (4)
Solution 9,036
PANAGEA INFERNO
A E A A A A A A A A
R O B U T C H A I N F I T
A L S O G N P
S H I P W A P E R
L E C H M O M E N T A R Y
M I T T E R
H O T H E A D E D S T A F F
A R D
R U M B A C E L E B R A T E
P O R T A G O S E
S E A F O O D N O T E D
S E A F O O D N O T E D
T A L L Y R O N O T R U M

INTERNATIONAL CAPITAL MARKETS

Spain outperforms on surprise rate cut

By Richard Lapper and Antonia Sharpe in London, and Lisa Branston in New York

Strong outperformance by Spain in the wake of a surprise rate cut was the highlight of an otherwise quiet day on the government bond markets. Investors welcomed the 50 basis point cut in the repo rate, which reduced the securities repurchase rate by 50 basis points to 7.75 per cent. The rate cut was the third this year and the fourth since the repo rate peaked at 8.25 per cent in the second half of 1995.

Conditions, including inflation at a 25-year low. Mr Adrian Owens, economist with Julius Baer Investments, agreed. "If investors were worried about inflation, we would have seen a sell-off today," he said. Both, however, said scope for further narrowing the bond spread could be limited. Mr Wattratt said 300 basis points could be a psychological barrier. Mr Owens said many investors are setting 300 basis points as a target and could switch into Italy as the spread approaches that point.

GOVERNMENT BONDS

One trader reported increased demand for put options as dealers sought to protect their positions ahead of the Easter break. This pushed up the level of volatility implied by prices on the 10-year bond future. Implied volatility of 6.50 plus rose from 6 per cent to 6.27 per cent during the day.

Liffe and Meff in talks on co-operation

Meff, the Spanish derivatives exchange, and the London International Financial Futures and Options Exchange (Liffe) yesterday announced that they are exploring possible co-operation, underlining the recent trend towards links among the world's futures and options markets.

Japan to launch repo trading system this week

The launch this week of a bond sale and repurchase agreement, or repo, market will fill a gap in Japan's financial system, bringing the country into line with practices in the US, France and the UK.

EIB taps demand for Italian floating-rate paper

By Samer Iskandar

The pace of issuance in the eurobond market has slowed dramatically in anticipation of the long weekend. Meanwhile, risk-averse investors have shown increasing appetite for floating-rate paper.

INTERNATIONAL BONDS

In Italy, political uncertainty and the threat of potential changes in taxation made the latest European Investment Bank floater a good defensive investment.

NEW INTERNATIONAL BOND ISSUES

Table with columns: Issuer, Amount, Coupon, Price, Maturity, Fees, Spread, Book-runner. Includes entries for ANZ Banking Group, SWISS FRANCES, ITALIAN LIFE, CANADIAN DOLLARS, and US DOLLARS.

FT-ACTUARIES FIXED INTEREST INDICES

Table with columns: Index, Price Index, Yield, and various bond categories like UK Gilts, FT Actuaries, and FT Fixed Interest.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

Table with columns: Country, Coupon, Maturity, Price, Change, Yield, Week, Month. Lists benchmark government bonds for Australia, Austria, Belgium, Canada, Denmark, France, Germany, Ireland, Italy, Japan, Netherlands, Portugal, Spain, Sweden, UK Gilts, and US Treasury.

EUROBOND PRICES

Table with columns: Issuer, Coupon, Maturity, Price, Change, Yield, Week, Month. Lists Eurobond prices for various issuers.

FT-FIXED INTEREST INDICES

Table with columns: Index, Price Index, Yield, and various fixed interest indices.

FT-GILT EDGED ACTIVITY INDICES

Table with columns: Index, Price Index, Yield, and various gilt edged activity indices.

FT/ISMA INTERNATIONAL BOND SERVICE

Table with columns: Issuer, Bid, Offer, Change, Yield, and various international bond service entries.

US INTEREST RATES

Table with columns: Instrument, Rate, and various US interest rates.

BOND FUTURES AND OPTIONS

Table with columns: Instrument, Price, Change, and various bond futures and options.

UK GILTS PRICES

Table with columns: Instrument, Price, Change, and various UK gilt prices.

Other Fixed Interest

Table with columns: Instrument, Price, Change, and various other fixed interest instruments.

GERMANY

Table with columns: Instrument, Price, Change, and various German bond prices.

FRANCE

Table with columns: Instrument, Price, Change, and various French bond prices.

EUROBOND PRICES

Table with columns: Instrument, Price, Change, and various Eurobond prices.

EUROBOND PRICES

Table with columns: Instrument, Price, Change, and various Eurobond prices.

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EUROBOND PRICES

Table with columns: Instrument, Price, Change, and various Eurobond prices.

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سوق المال

CURRENCIES AND MONEY

MARKETS REPORT

Rand falls to record lows against the dollar

By Graham Bowley
The South African rand fell to a record low level against the dollar yesterday on concerns about the future policy direction of Mr Trevor Manuel, the incoming finance minister.

The rand's woes deepened yesterday amid continued uncertainty surrounding Mr Manuel, a member of the ruling African National Congress, who was due to take office at midnight last night.

The market is unsettled about what Trevor Manuel's priorities are going to be, said Mr Lawrence Hathaway, currency strategist at UBS in London.

The rand slipped earlier this week but its decline accelerated yesterday as fears that Mr Manuel's appointment might signal a significant change in economic policy and on rumours that there were policy differences between Mr Manuel and Mr Chris Stals, the central bank governor.

Speculation that Mr Manuel might be considering removing all foreign exchange controls and talk of large orders for dollars by some big South African companies exacerbated the rand's weakness.

Mr Manuel sought to calm market jitters at a press conference, where he said the rand was likely to recover to below R4.0.

back of expectations of economic recovery. Most analysts said the comments were unconvincing. But the markets appeared to interpret the remarks as a signal of higher Japanese interest rates and the dollar was pushed down to a low of around ¥106.9 before recovering slightly before the close.

The dollar was again buffeted by speculation over the direction of Japanese interest rates. It was knocked off a 26-month high of around ¥108 in overnight trading following comments by Mr Matsushita, the central bank governor.

Mr Matsushita said the Japanese economy was now recovering and that it was "natural" for interest rates to rise on the



Against the dollar (per \$)
Source: Reuters

POUND SPOT FORWARD AGAINST THE POUND

Table with columns: Country, Currency, Bid/offer, Change on day, etc. Lists various international currencies and their spot and forward rates against the pound.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Table with columns: Country, Currency, Bid/offer, Change on day, etc. Lists various international currencies and their spot and forward rates against the dollar.

CROSS RATES AND DERIVATIVES

Table showing exchange rates for various currencies including the Euro, Japanese Yen, and others, along with their derivatives.

UK INTEREST RATES

Table showing UK interest rates for various terms: London Money Rates, UK clearing bank base lending rate, etc.

BASE LENDING RATES

Table showing base lending rates for various banks and financial institutions.

EUROPEAN CURRENCY UNIT RATES

Table showing European Currency Unit (ECU) rates for various countries and currencies.

FINANCIAL ENGINEERING

Tools & Techniques to Manage Financial Risk. This timely book deserves to find a wide readership. Its scope is ambitious, embracing a wide range of cash and derivative instruments...

WORLD INTEREST RATES

Table showing world interest rates for various countries and currencies, including LIBOR FT London, Euro Dollar, etc.

EURO CURRENCY INTEREST RATES

Table showing Euro currency interest rates for various countries and currencies.

LIBOR FT LONDON

Table showing LIBOR FT London rates for various currencies and terms.

EURO DOLLAR

Table showing Euro Dollar rates for various currencies and terms.

LIBOR FT LONDON

Table showing LIBOR FT London rates for various currencies and terms.

EURO DOLLAR

Table showing Euro Dollar rates for various currencies and terms.

LIBOR FT LONDON

Table showing LIBOR FT London rates for various currencies and terms.

EURO DOLLAR

Table showing Euro Dollar rates for various currencies and terms.

TANJONG PUBLIC LIMITED COMPANY

NOTICE OF PROPOSED FINAL DIVIDEND AND CLOSURE OF BOOKS

NOTICES HEREBY GIVEN that a final dividend of 8.56 sen per share (after having taken account of Malaysian Income Tax at 30%) in respect of the financial year ended 31 January 1996 has been recommended by the Directors for approval by the members at the Sixty-Ninth Annual General Meeting of the Company...

FINANCIAL ENGINEERING

Tools & Techniques to Manage Financial Risk. This timely book deserves to find a wide readership. Its scope is ambitious, embracing a wide range of cash and derivative instruments...

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LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

Table listing investment trusts with columns for company name, share price, and other financial data.

OTHER INVESTMENT TRUSTS

Table listing other investment trusts with columns for company name, share price, and other financial data.

INVESTMENT COMPANIES

Table listing investment companies with columns for company name, share price, and other financial data.

LEISURE & HOTELS - Cont.

Table listing leisure and hotels companies with columns for company name, share price, and other financial data.

LIFE ASSURANCE

Table listing life assurance companies with columns for company name, share price, and other financial data.

OIL EXPLORATION & PRODUCTION

Table listing oil exploration and production companies with columns for company name, share price, and other financial data.

OTHER FINANCIAL - Cont.

Table listing other financial companies with columns for company name, share price, and other financial data.

PAPER, PACKAGING & PRINTING

Table listing paper, packaging, and printing companies with columns for company name, share price, and other financial data.

PHARMACEUTICALS

Table listing pharmaceutical companies with columns for company name, share price, and other financial data.

PROPERTY - Cont.

Table listing property companies with columns for company name, share price, and other financial data.

RETAILERS, GENERAL

Table listing general retailers with columns for company name, share price, and other financial data.

RETAILERS, GENERAL - Cont.

Table listing general retailers (continued) with columns for company name, share price, and other financial data.

SUPPORT SERVICES - Cont.

Table listing support services companies with columns for company name, share price, and other financial data.

TELECOMMUNICATIONS

Table listing telecommunications companies with columns for company name, share price, and other financial data.

SUPPORT SERVICES

Table listing support services companies with columns for company name, share price, and other financial data.

AM - Cont.

Table listing American companies with columns for company name, share price, and other financial data.

AMERICANS

Table listing American companies with columns for company name, share price, and other financial data.

CANADIANS

Table listing Canadian companies with columns for company name, share price, and other financial data.

AM - Cont.

Table listing American companies with columns for company name, share price, and other financial data.

AMERICANS

Table listing American companies with columns for company name, share price, and other financial data.

CANADIANS

Table listing Canadian companies with columns for company name, share price, and other financial data.

WHY BOTHER TO PAY YOUR STAFF?

Your business is running a business. So the less precious time you spend worrying about your payroll the better. Hand the problem over to lock, stock and payroll to CMG.



GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by FT Stock, a member of the Financial Times Group. Company classifications are based on those used for the FT-SE Actuaries Index.

LEISURE & HOTELS

Table listing leisure and hotels companies with columns for company name, share price, and other financial data.

OTHER FINANCIAL

Table listing other financial companies with columns for company name, share price, and other financial data.

PROPERTY

Table listing property companies with columns for company name, share price, and other financial data.

RETAILERS, GENERAL

Table listing general retailers with columns for company name, share price, and other financial data.

SUPPORT SERVICES

Table listing support services companies with columns for company name, share price, and other financial data.

AMERICANS

Table listing American companies with columns for company name, share price, and other financial data.

CANADIANS

Table listing Canadian companies with columns for company name, share price, and other financial data.

LEISURE & HOTELS

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Table listing American companies with columns for company name, share price, and other financial data.

CANADIANS

Table listing Canadian companies with columns for company name, share price, and other financial data.

FT MANAGED FUNDS SERVICE

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 673 4378 for more details.

Main table containing financial data for various funds, including columns for fund names, prices, and changes. Includes sub-sections like 'OFFSHORE INSURANCES' and 'OTHER OFFSHORE FUNDS'.

MANAGED FUNDS NOTES
Prices are in pence and are based on the net asset value of the fund as at the end of the day. Prices of funds are shown in pence and are subject to change without notice.

LONDON STOCK EXCHANGE

MARKET REPORT

Equity market starts to wind down for Easter

By Steve Thompson, UK Stock Market Editor

Not even a scintillating performance by the market's latest takeover target, Pearson, the media group...

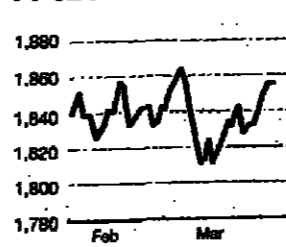
don from Wall Street's early showing, which saw the Dow Jones Industrial Average down some 26 points shortly after the opening of US markets.

turnover in equities, which eventually reached 966.7m shares at the 6pm reading.

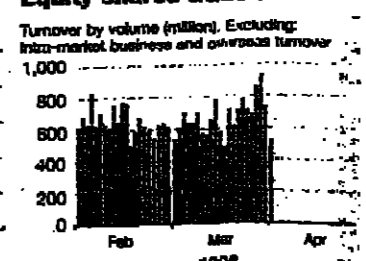
Sage shares jumped 7 per cent yesterday, following a similar gain on Tuesday, while Wetherspoon shares responded to their inclusion in the second tier index.

agreed bid by Siebe for Unitech, was another bearish factor in the market.

FT-SE-A All-Share Index



Equity shares traded



Indices and ratios

Table with 2 columns: Index Name and Value. Includes FT-SE 100, FT-SE Mid 250, FT-SE A 350, FT-SE-A All-Share, FT-SE-A All-Share yield.

Table with 2 columns: Index Name and Value. Includes FT Ordinary Index, FT-SE-A Non Fin p/e, FT-SE 100 Div Yld, 10 yr GSB yield, Long GdB/Equity Yld Ratio.

Best performing sectors

Table with 2 columns: Sector Name and Change. Includes Retailers: Food, Electronic & Elec, Media, Breweries: Pubs & Rest, Oil Exploration & Prod.

Worst performing sectors

Table with 2 columns: Sector Name and Change. Includes Electronic: Vehicles, Tobacco, Alcoholic Beverages, Chemicals, Leisure & Hotels.

Pearson outruns market

Media conglomerate Pearson was the best performer among the Footsie stocks on bid speculation and broker support.

Recent recommendations boosted Shell Transport another 10 to 87p. Engineering group Siebe received 23 to 87p in trade of 3.8m after it announced an agreed £200m bid for Unitech.

increase from British Airways helped the shares recover some ground from an earlier fall, ending 3 off at 534p in trade of 4.8m.

solidates the better, as it will help pave the way for some margin restoration. Bass firm was 5 to 767p, Whitbread 8 to 701p, Scottish & Newcastle a penny to 644p and Allied Domecq 3 to 500p.

which owns Jazz FM and struggling Viva Radio, was firm at 71p. There is speculation that the Guardian newspaper group, which recently increased its stake to 15 per cent, has Golden Rose in its sights.

FUTURES AND OPTIONS

Multiple tables showing futures and options data for FT-SE 100 Index Futures, FT-SE Mid 250 Index Futures, FT-SE 100 Index Options, and Euro Style FT-SE 100 Index Options.

LONDON RECENT ISSUES: EQUITIES

Table listing recent equity issues in London, including issue name, amount, price, and other details.

FT GOLD MINES INDEX

Table showing FT Gold Mines Index performance across various regions like Africa, Latin America, and North America.

TRADING VOLUME

Table showing trading volume for major stocks yesterday, including company names and volume in thousands of shares.

FINANCIAL TIMES EQUITY INDICES

Table showing Financial Times Equity Indices for various categories like Ordinary Shares, P/E Ratio, and Share Yield.

London market data

Table showing London market data including turnover, index, and other metrics.

Retailers shine

Confirmation of an increase in petrol prices sparked a wave of buying in food retailers, on hopes that the price war among petrol retailers was drawing to a close.

Among individual stocks, Tesco registered the sharpest rise in percentage terms, adding 7 to 374p in heavy trade of 13m.

Big brewers basked in the news that Bass is negotiating to buy all of Carlsberg-Treber, the third largest UK brewer.

United News & Media rose 21 to 669p on further buying following the news that its merger with MAI has been cleared.

PETROFINA

Shareholders are invited to attend the EXTRAORDINARY GENERAL MEETING in Brussels, at 52 rue de l'Industrie, on April 22, 1996, at 11 a.m. (Brussels time), with the agenda:

- Proposals for resolutions to amend the Articles of Association. 1. In Article 1, to replace in the first paragraph the word 'Petrofina' by the word 'Petrofina' and add two further paragraphs...

Petrol advertisement for Petrofina featuring a tree and the text 'TO SAVE ALL THESE TREES WE HELP CHOP DOWN THIS ONE.' Includes WWF logo and 'World Wide Fund For Nature' text.

FT-SE Actuaries Share Indices

Table showing FT-SE Actuaries Share Indices for various categories like FT-SE 100, FT-SE Mid 250, etc.

FT-SE Actuaries All-Share

Table showing FT-SE Actuaries All-Share performance across various sectors like Mining, Industrial, etc.

Hourly movements

Table showing hourly movements in the FT-SE 100 and other indices.

FT-SE Actuaries 350 Industry baskets

Table showing FT-SE Actuaries 350 Industry baskets performance across various industry sectors.

The UK Series

Large table showing The UK Series performance for various companies and sectors, including metrics like P/E ratio, Dividend yield, etc.

The shareholders' quorum must represent at least half the capital. Failing this, a second meeting with the same agenda, will be held on May 10, 1996 after the ordinary meeting.

World Wide Fund For Nature (WWF) logo and text.

Arabic text: 'سكنا من الامل' (We have hope from the world).

WORLD STOCK MARKETS

Main table of world stock markets with columns for country, stock name, price, and change. Includes sections for Europe, Asia, Africa, and others.

Communications systems produced by Rockwell Defence Electronics are used by the US government, NATO and more than 60 other countries around the globe



INDICES table showing various market indices like Nikkei, Dow Jones, and others with their respective values and changes.

US INDICES table providing detailed data for US market indices including Dow Jones, S&P 500, and others.

NEW YORK STOCKS table listing individual stocks traded in New York with their prices and volume.

ASIA table listing stock prices and changes for various Asian markets.

AFRICA table listing stock prices and changes for various African markets.

Small text at the bottom of the page providing additional information and disclaimers.

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Main table containing stock prices, organized into columns with headers like 'High', 'Low', 'Open', 'Close', and 'Change'. Includes sub-sections for 'D', 'E', 'F', 'G', 'H', 'I', 'J', 'K', 'L', 'M', 'N', 'O', 'P', 'Q', 'R', 'S', 'T', 'U', 'V', 'W', 'X', 'Y', 'Z'.

BE OUR GUEST. BRUSSELS. HITON. When you stay with us in BRUSSELS, stay in touch with your complimentary copy of the FINANCIAL TIMES.

Continued on next page

سوقنا من الاجل

NYSE COMPOSITE PRICES

Table of NYSE Composite Prices with columns for stock symbols, prices, and changes. Includes sub-sections for -Y-, -T-, -U-, -X-Y-Z-, -C-, and -O-.

NASDAQ NATIONAL MARKET

Table of NASDAQ National Market prices with columns for stock symbols, prices, and changes. Includes sub-sections for -I-, -R-, -F-, -G-, -M-, -N-, -T-, -O-, -U-, -V-, -W-, -X-, -Y-, and -Z-.

AMEX COMPOSITE PRICES

Table of AMEX Composite Prices with columns for stock symbols, prices, and changes. Includes sub-sections for -T-, -U-, -V-, -W-, -X-, -Y-, and -Z-.

Advertisement for Malta Mail, featuring the headline 'Have your FT hand delivered in Malta' and 'Gain the edge over your competitors by having the Financial Times delivered to your home or office every working day.'

Continuation of NASDAQ National Market prices from the previous page, including sub-sections for -I-, -R-, -F-, -G-, -M-, -N-, -T-, -O-, -U-, -V-, -W-, -X-, -Y-, and -Z-.

AMERICA

Hesitant Dow awaits employment figures

Wall Street

US shares were almost unchanged in midday trading as investors tried to prepare for news on March employment figures set to be released tomorrow when the equity market is closed, writes Lisa Brantner in New York.

Meanwhile, shares in Bally continued to rise on press reports of the negotiations. In early trading Bally shares added 5/8 to the \$3 1/2 they had jumped on Tuesday, bringing the stock to \$22 1/2.

heavy volume of 45.8m shares. Shares in Diamond Fields Resources were still not trading at mid-morning after a delayed opening, pending an announcement, along with shares and instalment receipts of its suitors, Falconbridge and Inco.

EUROPE

Surprise rate cut gives boost to Madrid

A surprise trimming of the intervention rate lifted MADRID's spirits, although analysts pointed to the fact that the Bank of Spain had been active in the currency markets during the last two weeks to defend the peseta.

modest drop of 6.41 to 2,084.00. There was a movement against the trend in Canal Plus up FFR44 at FFR1.196, following the news that CLT and Bertelsmann are to merge their television interests.

FT-SE Actuaries Share Indices

Table with columns: Index, Open, 10.30, 11.00, 12.00, 13.00, 14.00, 15.00, Close. Rows include FT-SE Actuaries 100, FT-SE Actuaries 200, and FT-SE Actuaries 300.

The chemicals sector was marked sharply lower on profit-taking after its recent strong run. Roche certificates relinquished SFr180 to SFr175.50, as the SFr10.000 level proved too high a hurdle.

up BFR100 to BFR2.995: both hold large stakes in AudiOfina. Solvay added BFR125 at BFR17.500 as the market welcomed news that the company was lifting its dividend.

STOCKHOLM was again led lower by a decline in Ericsson after Tuesday's sell-off, and further pressured by falls in Astra and Scania. The AGAS-vidaren general index slipped 9.4 to 1,866.4.

SOUTH AFRICA

Equities were weaker, led by a fall in industrials as the Dow declined to a record low. Dealers said gold shares, however, were supported by the weakness in the currency, while industrial companies were hurt by further worries that earnings were slowing more significantly than had been expected.

The overall index rose 9.6 at 6,889.4, industrials slid 60.8 to 8,202.9 and golds gave up 5.7 at 1,740.5.

ASIA PACIFIC

Interest rate worries leave Nikkei in retreat

Y21. High-technology stocks were lower in spite of the yen's decline. Toshiba receded 79 to Y817 and Sony Y40 to Y6,400.

another of 1.6 per cent on further heavy buying, led by foreign investors. The SET index closed 21.64 up at 1,342.50 in turnover of Bt9.6bn. Bank and finance issues were once again the main winners.

JAKARTA was higher on active buying of the transport sector following a government announcement of rises in bus, taxi and domestic air fares.

HONG KONG was in the doldrums ahead of a late sell-off in the local currency and bond markets tipped the balance against shares. The All Ordinaries index lost 3.4 to 2,233.5.

Mexico led higher by Televisa

Mexico City made a good gain in early trade boosted by activity in Televisa shares. The interest in that stock was led by the news that the media group was seeking to review its 40.5 per cent ownership in the satellite service provider PanAmSat. The IPC index was up 6.83 at 3,084.30 by midsession.

company Liverpool, which was down 1.5 per cent. SAO PAULO found little enthusiasm in early trade and by midday the Bovespa index was off 347.14 at 49,509.

● For the first time since November 1995, the São Paulo stock exchange registered net foreign capital outflows of R\$66.7m for the month of March. Capital flight slowed by the end of the month as concerns over the future of the constitutional reforms following the threat of a parliamentary banking inquiry eased. In the first eight days of March the capital outflows had totalled R\$115m.

EMERGING MARKETS: IFC WEEKLY INVESTABLE PRICE INDICES

Table with columns: Market, No. of stocks, Mar. 29 1996, % Change over week, % Change on Dec '95, Local currency terms, Mar. 29 1996, % Change over week, % Change on Dec '95.

Emerging markets investment should focus on the fundamentals, say the strategists at UBS in London. Mr Guy Rigden and Mr Vikas Nath, writes John Pitt. In their latest strategic document the team suggests that although the world's emerging markets have strengthened over the last quarter, 'relative multiples are still at about the same levels, given the strong earnings growth in most markets, and compare well against the developed markets'.

Tokyo

Amidst a possible rise in interest rates and speculation over the collapse of another small regional bank prompted selling and the Nikkei average closed 0.6 per cent down, writes Emiko Terazono in Tokyo.

Roundup

Good inflation figures for March helped MANILA to a 17-month high as investors positioned themselves ahead of an expected post-Easter rally.

SINGAPORE

edged forward as bargain hunters reappeared for some index-linked blue chips after their falls in recent sessions. The Straits Times Industrial index ended 15.29 ahead at 3,981.10 in moderate volume of 110.8m shares.

SYDNEY

finished marginally lower after a late sell-off in the local currency and bond markets tipped the balance against shares. The All Ordinaries index lost 3.4 to 2,233.5.

Canadian Pacific Holdings Limited advertisement. Includes text: 'Introduction to LONDON STOCK EXCHANGE', 'Sponsored by Austin Friars Securities Limited', and details about share offerings and company information.

FT/S&P ACTUARIES WORLD INDICES

Table with columns: Index, 29 APR 1996, % chg, % chg on day, % chg on Dec '95, Gross Div. Yield, US Dollar Sterling, US Dollar Index, Yen Index, DM Index, Local Currency 52 week High, Local Currency 52 week Low, Year (approx).

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Handwritten Arabic text: 'صندوق الاستثمار'

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NEWS: UK

Enron asks US judge to nullify gas contract

By David Lascelles, Resources Editor

The rumbling dispute over take-or-pay gas contracts reached the law courts yesterday when Enron, a leading US gas company, asked a US judge to nullify a large gas purchasing contract it has with North Sea producers.

Northern Ireland shipyard wins \$152m order for oilfield vessel

Harland and Wolff, the loss-making Northern Ireland shipbuilder, yesterday became the first UK yard to be awarded a contract for a floating oil production vessel for the country's newest oilfields west of Shetland.

The deal, worth an estimated £100m, (£152m) will secure about 1,000 of the 1,400 jobs at the yard. The company, privatised in 1989, is the first UK yard to be chosen to build a new floating production storage and offloading FPSO vessel, a type which the oil industry believes will be increasingly in demand.

Aggar, the UK energy minister, to give formal approval to a British Petroleum-led consortium to develop the Schiehallion field, 220km west of Shetland, in an area to the north of Scotland known as the Atlantic Frontier.

The operator of J Block, Phillips Petroleum, subsequently decided to re-inject the gas into the reservoir in order to extract liquids instead.

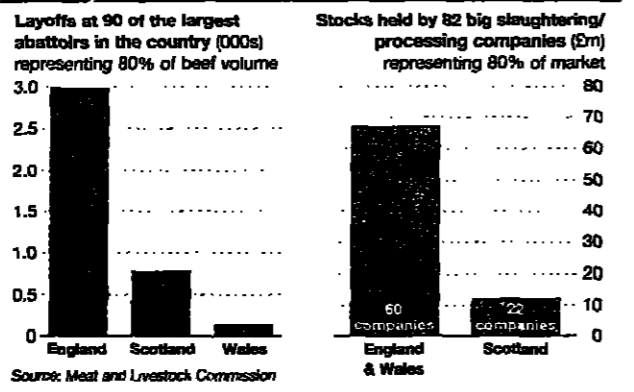
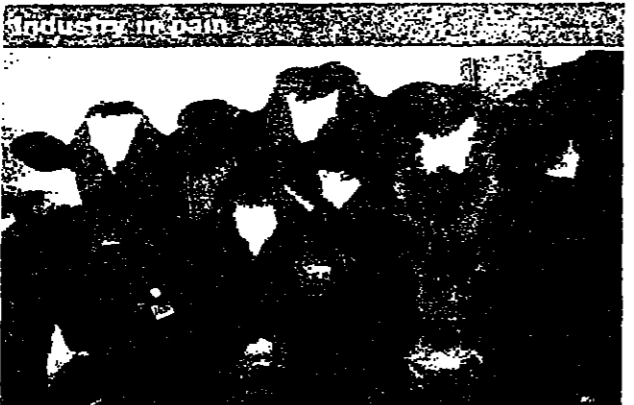
Mr Kenneth Lay, Enron's chairman, said the company was resorting to the courts to protect its legal rights.

Abattoirs lay off half their workforce

By Alison Maitland in London

About 4,000 people, or roughly half the workforce, have been laid off by the 90 largest abattoir and processing plants in the UK, according to the Meat and Livestock Commission.

More than half of the 65 English plants contacted by the commission have stopped operations or switched to part-time working. On average, abattoirs run on a net profit margin of less than 1 per cent.



devalue by 10 per cent to 20 per cent a week. If companies freeze it, that wipes 50 per cent off its value, said Mr Palmer.

EU farm ministers aim to wipe out 'mad cow disease'

By Caroline Southey in Brussels

EU farm ministers have announced the ambitious goal of eradicating "mad cow disease" in Europe in a desperate attempt to end a crisis viewed as a serious threat to the Common Agricultural Policy.

In negotiations over two days and nights, the ministers agreed measures aimed at removing meat at risk of BSE contamination from the food chain, supporting farmers hit by steep falls in sales and prices and tightening the rules on fodder production.

for the lifting of the ban or at the very least a form of words to postpone how they would go there," a senior EU official said. The official said Britain's refusal to sign up to the proposals would have no practical effect on the agreement.

Measures to reduce health risks and eradicate the disease include: A pledge by Britain to present proposals, to be approved by the commission by the end of April for selective compulsory slaughter of animals and/or herds most likely to have been exposed to infected meat-and-bone meal.

Precautions can make beef safe to eat, says WHO

By Frances Williams in Geneva

British beef is safe provided existing precautionary measures are fully adhered to, World Health Organisation experts said yesterday. They also confirmed that there is no hazard in milk or gelatine.

"mad cow disease" among cattle and its possible transmission to humans. The recommendations, which will be passed to all the WHO's 190 member countries, go further than Britain's current measures. In particular, the WHO has backed the EU's demand that no ruminant tissues be used in ruminant feed.

the agent causing transmissible spongiform encephalopathies (TSE) in cattle and other animals had never been found in muscle tissue. The experts noted that the link between BSE in cattle and the new variant of Creutzfeldt-Jakob disease identified in Britain was not yet proven but agreed that it was the most likely hypothesis.

BSE in cattle and minimising the risk to humans, Dr Heymann said. Other WHO recommendations include a review of rendering methods to ensure that they effectively inactivate agents causing TSE.

Cabinet clears way for referendum on EU currency

By Robert Peston, Political Editor

Mr Kenneth Clarke, the chancellor of the exchequer, has extracted a cabinet commitment that there will be no further moves towards ruling out sterling's participation in a European single currency.

Ministers yesterday confirmed that the prime minister had taken seriously the possibility that Mr Clarke might choose to go to the referendum. Mr Clarke is the most passionate pro-European in the cabinet and feared that the referendum commitment would mark a decisive victory for the sceptics.

the mechanics of how a referendum would take place. It would be preceded by a cabinet decision to enter the currency. "If they [ministers] decided it was in Britain's national interest to do so, they would prepare legislation to this effect and present it to Parliament", said Mr Major.

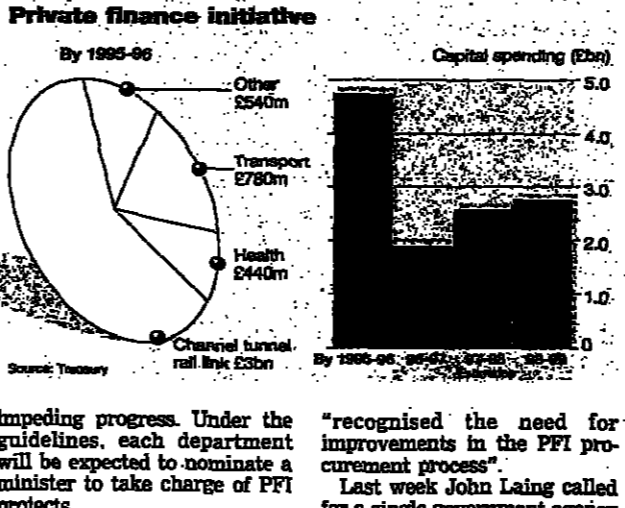
tion would be "simple" and "straight", such as "should the UK take part in a single European currency?". Two aspects of the referendum arrangements represent significant concessions to Mr Clarke, following frantic attempts by the prime minister over the past few days to placate him.

CONTRACTS & TENDERS. Risorse Per Roma. Property of Rome Council. Garage No. 24, 21 sq.m., Via Poika, 9 ground floor, occupied - Lt. 168 million. Garage No. 25, 21 sq.m., Via Poika 9 ground floor, presently used as warehouse, occupied - Lt. 168 million. Garage No. 26, 20 sq.m., Via Poika 9 ground floor, occupied - Lt. 160 million.

Cash from private sector backs \$258m hospital

By Andrew Adonis, Public Policy Editor

The government yesterday announced approval for a £170m (\$258m) hospital under the Private Finance Initiative, its programme for boosting the role of the private sector in public investment.



impeding progress. Under the guidelines, each department will be expected to nominate a minister to take charge of PFI projects. No more than three or four bidders will normally be invited to submit tenders for projects, and departments will consider reimbursing bidding costs when projects are cancelled "for reasons beyond the bidders' control".

Mr Martin Laing, chairman of construction group John Laing, who has been a fierce critic of the slow development of the PFI, said the guidelines "recognised the need for improvements in the PFI procurement process".

Risorse Per Roma. The above mentioned property will be sold by public auction at 10.00 a.m. on 7th May 1996 at the office of Risorse per Roma - RPR spa. Via Ulisse Aldrovandi 16 - 00197 Roma, Italy.

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FINANCIAL CONTROL/ANALYSIS c.220-240,000 FF
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Thursday April 4 1996

A referendum life raft

More than 20 years ago then Mr James Callaghan likened the referendum on UK membership of the European Community to a "rubber life raft" which would keep the Labour government afloat.

Mr Clarke has also ensured that the pledge includes a series of commonsense parameters on the nature of such a poll. It would take place only after a recommendation from the cabinet that sterling should be part of a single currency.

Genuine option

The referendum would be held after the cabinet's decision had been endorsed by the passage of the appropriate legislation. It would pose a neutral question and the outcome would be decided by a simple majority of those voting.

Cabinet infighting

So, the best argument for a referendum is that the election will not give voters the opportunity to address the fundamental constitutional implications of participation in economic and monetary union.

Most significantly, the decision has been taken in the context of firm agreement within the cabinet that it will not seek further to appease Conservative sceptics by ruling out participation in the next parliament.

Megamedia in Europe

Does it help to be big in European television? From the rash of recent alliances between media groups, many companies think it does.

can now hope to replicate the success of KirchGruppe, the German-based programming giant, which snapped up the rights to hours of Hollywood programmes in the 1980s.

Much of the rationale of recent alliances therefore lies in reducing competition for programming, and reducing the risk of investment in new channels.

Tricky questions

But whether the ventures prove commercially worthwhile or not, the allegations raise a handful of tricky competition questions. For a start, there is the risk that one group will corner the market in some types of programming.

Mature market

The European television advertising market which supports traditional commercial television is mature; advertising revenues are broadly linked to economic growth, and an increase in the number of channels is unlikely to boost revenues further.

Those issues now face the German Cartel Office and the European Commission, which must decide whether to approve this week's deal. The answers depend on judgments about the definition of television markets which competition authorities worldwide find frustratingly hard.

In previous cases of proposed media alliances, the German and European competition authorities have navigated these questions sensibly.

Russia looks beyond its borders



Left to right: Alexander Lukashenko of Belarus, Leonid Kuchma of Ukraine and Boris Yeltsin of Russia

A dangerous urge to expand
Ukraine is becoming the testing ground of Russia's neo-imperialist ambitions, say Chrystia Freeland and Matthew Kaminski

From Peter the Great to Joseph Stalin, Russians endured centuries of oppression at home in exchange for expansion abroad. But when he first swept to power in 1991, Mr Boris Yeltsin, the Russian president, broke that mould.

States - is SSR in Russian, just one letter short of USSR, the Russian version of USSR. In a conspicuous echo of the Tsarist epoch, when Russian nationalism and Russian Orthodoxy were two sides of the same coin, Alexei II, the Patriarch of the Russian Orthodox Church, was also on hand to bless what he described as the "sacred cause" of union between the two slav states.

demned the vote as "highly irresponsible" and warned that "the tide of history cannot be turned back". As Mr Yeltsin steps up his own vote-winning efforts to turn back history's tide, he and his administration could come under fire as well.

same Kiev font". Mr Gennady Seleznev, the Communist speaker of parliament, went further, openly calling on Ukraine to join the new SSR. But Mr Anton Butefko, Ukraine's deputy foreign minister, insisted this week that Ukraine had "already made its choice in the December 1991 referendum, and that choice is to live as an independent state".

into a post-imperial state," Mr Brzezinski argues. "And without becoming a post-imperial state, Russia cannot become a democracy." Mr Brzezinski's second point - that Russian expansionism imperils not only its neighbours, but Russian democracy itself - is coming to worry some of Russia's increasingly marginalised reformers.

Less than five years later, some of Mr Yeltsin's domestic supporters and foreign allies fear he could be reverting to type. In an effort to counter the popularity of resurgent Communists before the June 16 presidential elections, Mr Yeltsin has steadily co-opted their agenda, including their pledge to rebuild the Soviet Union.

On the one hand, western leaders are desperate for Mr Yeltsin to win his election battle with Mr Gennady Zyuganov, the Communist candidate. Over the past few months they have offered the Kremlin leader almost unstinting support. Following strong political pressure from Washington and Bonn, the International Monetary Fund recently approved a \$10.2bn loan for Russia.

But the real key to western efforts to put a brake on Russian expansionism is Ukraine, the second most powerful former Soviet republic which is led by Mr Leonid Kuchma. Although Ukrainians backed independence by a nine-to-one margin in a 1991 referendum, Russian nationalists have never reconciled themselves to the loss of the state they view as their ancestral homeland.

According to Mr Zbigniew Brzezinski, former US national security adviser and one of the early advocates of strong western support for Kiev, the new strategy is based on the principle that, by bolstering Ukraine, the west can prevent Russia from re-emerging as an expansionist state, at least in Europe.

Despite the Russian president's recent lurch towards the populist chauvinism of the Communists, most western leaders would still disagree with Mr Kovaliev's severe verdict. But just in case Mr Yeltsin does complete his imperialist metamorphosis - or in the event that the openly expansionist Communists win the elections - the west is hedging its bets.

OBSERVER

Commercials and confetti

It's never too late to kiss and make up; consider the case of the German media behemoth Bertelsmann and RTL, the Luxembourg TV and radio company.

Relations between the two, which are both involved in RTL-Germany's leading commercial television network, have been a little fraught lately. So much so that they were due to meet on Monday in a Hamburg courtroom, to settle a dispute over Bertelsmann's attempt to increase its stake in RTL.

But then in a remarkable volte-face both agreed to talk, in private and without a judge. Bertelsmann board member Michael Dornemann and Michel Delloye, RTL's chief executive, met last Thursday for a chat, the upshot of which was an agreement to suspend the legal dispute.

One thing, as they say, leads to another. Before long, the chat spilled over into something rather more intimate - a hesitant, one might say almost shy, consideration of merging the two groups' German television activities.

Before we know it this whitewash romance had blossomed into wedding bells. In what must be a record in the world of German deal-making, the proposed merger

was announced five days later, on Tuesday. Let's hope it's not a shotgun wedding.

Bill's on first base

The Japanese will be truly delighted to discover how pre-occupied Bill Clinton already is with his upcoming visit to Tokyo.

There he was, performing his constitutional duty on Tuesday by throwing out the First Ball to open the Baltimore Orioles baseball season. He then chatted knowledgeably, as is the wont of the First Fan, to TV commentators - until he got round to reminiscing about a famous home run, hit last year. He said, with a "one-and-three" count, which must have mystified his listeners because American parlance for three balls and no strikes, which is what he meant, is "three-and-0".

But in Japan, forever subversive, the order is reversed. Pat Buchanan was in the crowd and will doubtless now use this as evidence that Clinton is even deeper in the Japanese pocket than even he had imagined.

Testosterone bid

Has David Gillo bitten off more than he can chew? The 39-year-old Israeli entrepreneur's hostile bid for Schex Corporation means tangling with the Recanat family,

one of Israel's oldest and most prominent business families. Gillo is widely seen as a charismatic high-tech pioneer, but his bid - and biting criticism of Schex management - is a direct challenge to some of Israel's biggest companies, which own stakes in Schex.

He's not your average MBA clone, having dropped out of the University of California at Berkeley and then worked in Alaska's fishing industry before going into business. Gillo belongs to a collection of talented and aggressive emigre Israelis, who regard businessmen back home as dinosaurs.

He might have the necessary testosterone, but some think he lacks weight and will come off worst against the Recanats. Others say he's serious and capable of surprises. "Life with David is never boring," says a former colleague. "He doesn't drink, smoke or cheat on his wife. He only gambles with his work." Not entirely a ringing endorsement.

Grey ceiling

Turning 50 is unfashionable at Lehman Brothers - even more so than on the rest of Wall Street. After a painful round of cost-cutting, the US investment bank has reshuffled its management to unleash two senior citizens on a different job - livening up the revenue entry of

the profit and loss account. Both a year into their second half century, Christopher Pettit, president and chief operating officer, and Mel Schaffel, vice-chairman and head of investment banking, leave the nitty-gritty of day-to-day management in hot pursuit of income generation.

Letting loose on the customers two old hands sounds sensible. But will it do the trick - where the cost-cutting did not - on the bottom line?

Blown out

New York City's mayor Rudolph Giuliani has pulled the plug on plans to run guided tours of the Fresh Kills landfill on Staten Island. At 3,000 acres it's the world's largest garbage dump, with 2 per cent of global methane gas emissions. Not that Giuliani doesn't think there's money in muck - how could he, given his office? - just that local politicians were unhappy. "The signal it was sending was completely wrong," says Vito Passella, a Staten Island councillor. So a different signal is being emitted - a large raspberry.

Financial Times

100 years ago

Warning on Argentina The St. Andrew's Gazette, an able monthly journal published in Buenos Ayres, takes occasion in its last issue to utter a warning against a too confident belief in the economic revival of Argentina. It points out that the fall in the gold premium is by no means an unmissed blessing. The harvest, it adds, is deficient in some quarters, and the export of livestock is not so profitable as had been supposed. Considering the immense development of Argentina during the last two years, we cannot help thinking that the St. Andrew's Gazette errs a little on the side of over-caution.

50 years ago

U.S. production at peak Production in the U.S. of goods and services for the civilian market is higher to-day than ever before in the nation's history in war or in peace, and is still going up, says President Harry S. Truman in a formal statement. But he warned that if the current coal strike involving 400,000 miners was prolonged it would undoubtedly wipe out the whole progress made to date in reconversion. The President was commenting on the quarterly report of Mr John W. Snyder, Director of War Mobilisation and Reconversion.

Company accused of overcharging by \$100m IBM executives charged in Argentine fraud case

By David Pilling in Buenos Aires

Five current and former executives of International Business Machines have been charged with defrauding the Argentine state over a \$349m contract with state-owned Banco Nación.

\$100m. Those estimates are contested by IBM and by Deloitte & Touche, the accountancy firm which advised Nación in the initial stages of the contract.

"established IBM business procedures". Although no evidence of "illegal activity" had been uncovered, three executives, including the president, were forced to resign last September.

Spain's key rate is cut by 1/2-point amid fears on growth

By David White in Madrid

The Bank of Spain took financial markets by surprise yesterday with a half-point cut in its benchmark interest rate, the second since the centre-right Popular party's narrow general election victory a month ago.

Bank of Japan chief

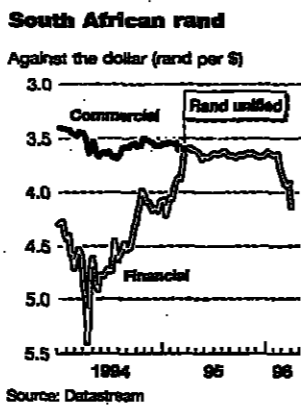
Continued from Page 1

finance ministry officials thought a review of the bank's status would be left to Mr. Matsushita's successor in four years.

S Africa moves to damp speculation

By Roger Matthews in Cape Town

Mr Trevor Manuel, South Africa's new minister of finance, sought to damp speculation against the rand yesterday by promising not to suddenly remove exchange controls.



finance ministers had been planned for a long time. "The secret is out. I have known about this for at least six months," Mr Manuel said.

Daimler loss

Continued from Page 1

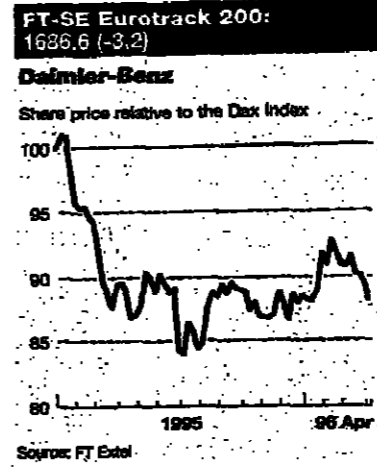
investment." Daimler said it "expects to move back into substantial profit in 1996".

The issue of removing exchange controls was part of a gradual process that had been under discussion for the past 14 months. "There is no impending big bang announcement on exchange controls," he said.

Options for change

THE LEX COLUMN

Daimler-Benz has slaughtered so many sacred cows in the past year that one might think the job of restructuring Germany's largest industrial group was over.



a strong brand and low-cost manufacturing in South East Asia. The benefits of combining purchasing, production and customers should bring benefits of \$2m in year one and over \$10m annually thereafter.

political fall-out. More probably, President Yeltsin is playing politics, trying to turn to his advantage the popularity of the Communists' appeal to nostalgia for the Soviet past.

Still, these agreements will have a price. The good news from lower trade barriers is likely to be outweighed by the bad. The problem is that the countries keenest to link with Russia are those whose economies look most shaky.

Eni The Italian government's decision to postpone the reappointment of Mr Franco Bernabè, managing director of Eni, the oil and gas giant, sends out worrying signals about Italian privatisation.

Russia

Make no mistake about it, President Boris Yeltsin wants to be seen to be re-creating a broader union with some of Russia's immediate neighbours.

Siebel/Unitech

Mr Peter Curry, the Unitech chairman, has negotiated a sweet deal for his shareholders. The 71p a share Siebel has agreed to pay for Unitech is twice the share price of a year ago and 60 per cent more than the 40p at which Swiss group Saurer sold its stake last August.

This is another reminder of why Italy should speed up the privatisation programme, after the elections. And given the vast debt load at IRI, the state industrial holding company, the government should need little encouragement.

FT WEATHER GUIDE Europe today High pressure will promote sun from Scandinavia across the North Sea countries to France and Spain. Five-day forecast Western Europe will remain sunny as high pressure lingers over the North Sea. TODAY'S TEMPERATURES

BT logo BZW advised BT on its acquisition of 25 per cent of Clear Communications, New Zealand's second telecoms operator, from Bell Canada Enterprises. INVESTMENT BANKING FROM A TO Z

Handwritten Arabic text: صكنا من الامال